

Mr. McNARY. Mr. President, does that include the promotions in the Army?

Mr. ROBINSON. Yes; all the Army nominations.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of Robert H. Jackson, of New York, to be Assistant Attorney General.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD

The Chief Clerk read the nomination of Lt. Comdr. Henry Coyle to be commander in the Coast Guard.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations for promotions in the Marine Corps.

Mr. McKELLAR. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, February 26, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 25 (legislative day of Feb. 24), 1936

ASSISTANT ATTORNEY GENERAL

Robert H. Jackson to be Assistant Attorney General.

COAST GUARD OF THE UNITED STATES

Lt. Comdr. Henry Coyle to be commander.

PROMOTIONS IN THE NAVY

MARINE CORPS

Samuel C. Cumming to be lieutenant colonel.

Samuel K. Bird to be captain.

Edwin C. Ferguson to be captain.

Martin S. Rahiser to be captain.

Frank J. Uhlig to be captain.

Adolph Zuber to be captain.

POSTMASTERS

ARKANSAS

Thomas C. Hagins, Fordyce.

DISTRICT OF COLUMBIA

Vincent C. Burke, Washington.

GEORGIA

Claude M. Proctor, Summit.

ILLINOIS

L. Janet Merkle, Brocton.

Loy Bagby, Olmsted.

Mary J. Sheridan, Thomson.

NORTH DAKOTA

Genevieve Gregor, Dawson.

William C. Ney, Max.

Clarence B. Stinson, Warwick.

OREGON

Margaret M. R. Calendine, Cascade Locks.

Thomas B. Hoover, Kinzua.

Mary A. Hollister, North Bend.

SOUTH CAROLINA

Samuel Oscar Capell, Easley.

SOUTH DAKOTA

Sylvester Eisenman, Marty.

TENNESSEE

Joel F. Ruffin, Cedar Hill.

TEXAS

Antonia R. Garcia, Benavides.

Edith M. Bursey, Brackettville.

Whittaker Downman Bains, Brookshire.

Eugene Webb, Corrigan.

Clara C. Redford, Johnson City.

Joseph F. Wiles, Olton.

Charles B. Myers, Poteet.

Andrew J. Bushong, Rankin.

Frank P. McCabe, Rio Hondo.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 25, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we lay our prayer on Thy altar; Thy heart is with those who need divine love, sympathy, and restraint. "Like as a father pitieth his children, so the Lord pitieth them that fear him." We pray that our aspirations may go out for that freedom which comes from knowledge, from virtue, and from faith in God; may we become more heroic in the things that make for righteousness and truth. Direct us in our demeanor that these may abound in word and deed. Forbid, gracious Lord, that we should ever be false to duty and false to ourselves. O Holy Spirit, enable us to stand for those fundamental elements which tend to build us up in self-denial, honor, fidelity, humility, and love, and Thine, through Christ, shall be the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3978. An act relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation and reaffirming their immunity; and

S. J. Res. 217. Joint resolution postponing the effective date of certain permit and labeling provisions of the Federal Alcohol Administration Act.

THE LATE ALBERT C. RITCHIE

Mr. GOLDSBOROUGH. Mr. Speaker, a great man has passed out of the life of this Nation. Ex-Governor Albert C. Ritchie, of Maryland, was not only an outstanding personality in his State but an outstanding figure in the entire Republic. Wherever the distinguished men of the United States were spoken of, Governor Ritchie's name was mentioned prominently and honorably.

The Maryland Members of the House of Representatives of the United States each feel a deep personal loss at the passing of Governor Ritchie and ask unanimous consent that this memorial may be embodied in the permanent RECORD of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

AMERICAN HIGH COMMISSIONER FRANK MURPHY

Mr. RABAUT. Mr. Speaker, I rise at this time to ask unanimous consent to place in the RECORD remarks concerning an official function of the Philippines at Malacanang Palace, and a speech by the honorable President, Manuel L. Quezon, in honor of the American High Commissioner, Frank

Murphy, of Michigan, that distinguished statesman who even in recent days has been complimented by the American press as a shining example for others to follow, because without blast of trumpet he goes about his task performing in a most humanitarian way the duties before him, meriting the praise and the eulogy of the President of the Philippine Islands.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by President Quezon, of the Philippine Islands, in praise of High Commissioner Frank Murphy:

Mr. High Commissioner, gentlemen, I feel genuine pleasure in having as guest of honor tonight the United States High Commissioner to the Philippines. He is the representative of the President of the United States and the symbol of American sovereignty in our country. As such he merits the highest regard and distinction from this Government, as well as the friendliest sentiments from our people.

But this occasion is doubly significant to us, for as we honor the office of High Commissioner we are paying personal tribute to its present incumbent, one of our best friends and benefactors, our former Governor General, Frank Murphy. He has brought to that exalted post proved ability, tact, and character. To him we owe much for the laying down of the constitutional foundations of the Commonwealth in an expeditious and orderly fashion. Without his wise counsel and continued support, our new Government might not yet have been inaugurated, nor would such inauguration been held under so favorable auspices. We are indebted to him also for the high standards of efficiency and integrity which he upheld in our government, for his interest in awakening the public conscience to the most elemental claims of social justice, and for the example in simple living and public spiritedness which he has given us since his assumption of the duties of Governor General.

His deep and abiding sympathy for our aspirations, moved by his great love for liberty and the right of the people to rule themselves, has likewise been an encouragement to us. I trust that his faith in our people will be justified. Our nation has chosen the road to independence. That decision was made with full knowledge of the sacrifices and difficulties that must be met. We are following that road with determined and firm tread. There will be no turning back.

The success of the Commonwealth Government will depend in great measure upon the sympathetic attitude and broad understanding of the United States High Commissioner. I feel that President Roosevelt could not have appointed to this office a man possessing more of the quality needed to successfully discharge its duties than the Honorable Frank Murphy. I look forward during my whole administration to maintaining with the United States High Commissioner a relationship that shall be characterized at all times by harmony, friendship, and mutual confidence and respect. I have no doubt that as long as the Honorable Frank Murphy holds that post—and I hope it will be for many years—our relations will also be marked by an intimate cooperation in safeguarding the legitimate rights of sovereignty of the United States in the Commonwealth and in insuring the welfare, happiness, and liberty of the Filipino people.

I wish to relate on this occasion our faith and trust in the United States, and to voice once more our profound gratitude for the policy of altruism and unselfishness it has pursued in our land. We are also thankful to the present administration in Washington and to the Congress which have done so much to bring a speedy and successful accomplishment of America's noble enterprise in the Philippines. President Roosevelt has not only afforded us every facility to carry out the different processes leading to the establishment of our present Government but in every instance has shown solicitude to promote the just interests of our people. It may be hoped that under his leadership our trade relations with the United States will be adjusted in a manner that will give us a fair opportunity adequately to prepare ourselves for the conditions that will obtain when we shall have become independent.

With this in view, the holding of an economic conference between representatives of the United States and the Philippines has been engaging the attention of the Government in Washington for the last few months. This Government is looking forward to the calling of this conference on a date which Washington may consider most propitious. This conference might survey the whole field of American-Philippine trade to determine the inequalities in our present relationship resulting from the provisions of the Independence Act, and also whether under the economic provisions of said act it is feasible to carry out the object of said provisions and the aim of Congress, namely, to readjust our economy prior to the complete severance of the political relations between the two countries. Agreements reached at this conference either to cure inequalities or to make the provisions of the independence law more in keeping with their purpose will receive the support of this Government.

It is hardly necessary to point to the importance of this economic conference for the Philippines. The Government has been preparing the necessary data for the use of our conferees and

will be ready to cooperate with the representatives of the United States to the end that we may establish a trade relationship that will redound to the lasting mutual benefit of the two countries.

This Government is facing problems of extraordinary complexity and far-reaching importance. These problems include not only those which confront all new governments but more particularly the preparation of the Philippines for free nationhood. First among these is the question of national security. For this reason, it has been the first concern of our Government to organize and gradually build up a system of national defense. While during the next 10 years the Philippines will continue under American sovereignty and may look to the United States for its defense, we have undertaken this task despite the considerable cost that it will entail upon our finances, because we wish to share with the United States the responsibility of our national defense and thus in some way lighten the burden which it has assumed in our behalf.

We are watching with profound interest developments in Europe looking to the strengthening of the instrumentalities of peace, especially the efforts of the League of Nations to end ruthless aggression. These efforts merit our deepest sympathy. The neutrality policy of the United States as declared by Congress and elaborated upon by President Roosevelt in his last message to that body will have the whole-hearted support of this Government. As all the other countries of the world, the Philippines crave for security and the opportunity to live unmolested and free.

A proper solution of our many problems demands not only the highest degree of statesmanship and willingness to sacrifice individual interest but also the cooperation of the United States, which can be made possible through the intimate collaboration by the High Commissioner with our Government. We are, indeed, fortunate that with the Honorable Frank Murphy occupying that post we shall be assured of that collaboration.

Gentlemen, I ask you to rise and drink the health of High Commissioner Frank Murphy, the trusted friend of the Philippines.

LEGISLATIVE AND OTHER NEEDS OF NEW ENGLAND

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech recently made by Senator E. W. GIBSON, of Vermont.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech delivered on February 13, 1936, by Hon. E. W. GIBSON, Senator from Vermont:

My ancestors have lived and labored in New England for nearly 300 years. I am, therefore, deeply interested in all that pertains to the welfare of that section.

In the short time allotted me it is possible to mention only a few phases of our agricultural, manufacturing, and industrial life which need attention. Lack of time prevents more than mere suggestions as to what should be done.

The economic history of New England reveals a story of continued and unselfish help to other parts of our country. We have given to the Nation men and women who have become leaders in thought and action; we have given generously of our resources to build up the business and agriculture of the West and South. The time has arrived when we must look to our own advancement.

NEW ENGLAND SHIPPING

Let us consider our needs as to shipping. This is a matter of more than local or regional interest. There was a period when shipping was one of our chief business activities. The shipyards of Maine were known around the world. Sails of the ships of Massachusetts knew the breezes of the seven seas. * * * All this has changed. On the North Atlantic seacoast there are seven major, or class A ports; these are the natural gateways of that great industrial and commercial area of the United States lying east of the Mississippi and north of the Ohio. This territory is by far the most important part of our country from the standpoint of population, industry, and railroad tonnage. It contains more than half of our country's population; produces nearly three-fourths of its manufactured products, and through its principal ports flow 51 percent of its foreign commerce. Because of this concentration of population, of industry, and commerce, the seven great seaports of the North Atlantic represent interests of the highest national importance. To fully appreciate their value, assume that some upheaval of nature should cause them to disappear. What would become of the population in this great commercial and industrial structure of the eastern territory?

Yet, insofar as foreign trade is concerned, three out of seven of these ports have disappeared to all intents and purposes by reason of the lack of a far-sighted national transportation policy. I refer to the ports of Portland, Maine; Boston, Mass., and Providence, R. I.

We have reached a condition where, at the present time, there is no regular transatlantic steamship services out of Portland or Providence, and the facilities out of Boston have been curtailed to such an extent as to be inadequate for, and prejudicial to, the interests of New England.

In contrast, the South Atlantic and Gulf ports have been developed by adequate steamship services furnished them by the

former United States Shipping Board. The control of such shipping has been given to operators whose interests are identical with those of the ports and territories served.

Good shipping facilities build up a seaport, and add to the general prosperity of its immediate section. We have helped the ports of New York, Baltimore, Norfolk, and Philadelphia, and by so doing have injured our own.

The New England railroad and water transportation agencies are in the hands of carriers primarily interested in routing water traffic through ports other than our own. In fact, the control of the principal railroad and steamship lines serving our ports rests in the hands of the Pennsylvania and New York Central Railroads. It is common knowledge that these two railroads center their competition, not in New England but to the south and west of it, and are apparently indifferent to our traffic problems. A recent survey by the United States Department of Commerce discloses that over 66 percent of the exports originating in New England, and over 60 percent of our imports move by way of the port of New York, and only 13 percent by way of Boston.

Our ports were formerly used extensively for traffic destined to or moving from Canadian points. Legislation enacted in 1926 by the Canadian Government caused this commerce to be restricted exclusively to its own ports, yet our traffic moves through Canadian ports in great volume.

In my opinion, the reciprocal trade agreement which the United States recently entered into with Canada works an injury to New England. However, it may be that some advantage will result in connection with shipping because of this agreement, for it is expected that a considerable volume of Canadian traffic will now move through New England ports.

It is a matter of record at the State Department that for years over 20 percent of all passports issued have been to New Englanders. Great numbers of our people find it necessary to sail from New York, Montreal, or Quebec because of inadequate services from Boston, Portland, and Providence. In view of this situation it is clear that the only way we can regain the place that our importance justifies is for New England to recover control of our railroads and to establish adequate steamship services under the American flag to all quarters of the globe. The Department of Commerce can help us if it will. It has the ships. It has the funds for operation. The volume of traffic exists. We must battle for the interests of our homeland. No one will do it for us.

Let me sound a warning. We must beware of those who shout for loyalty from the housetops and at the same time work under cover to prevent a solution of our problem. I am referring to those who direct their energies at the behest of interests foreign to and outside of New England. Such services should be controlled by the people who are loyal to and sincerely believe in developing our section.

Another thing in connection with shipping: the conferences of steamship operators assume to dictate into which port a ship may go. If a ship wishes to operate out of Providence, it must first gain the consent of a conference of the shipowners. These conferences can, and do, dictate as to the ships that can go into any harbor, and are today boycotting or limiting service to certain American ports by the votes of foreign shipowners. One conference has a membership of 17 foreign owners and only 1 American. A monopoly can, and does, absolutely dictate the course of foreign shipping. It is one of the agencies that throttle New England.

There is pending an amendment to the ship-subsidy bill providing that it shall be unlawful for any common or contract carrier by water, either directly or indirectly, through the medium of an agreement or conference, to attempt to prevent any such carrier from serving any port designated for the accommodation of ocean-going vessels.

This amendment should have the hearty sanction of every New England Member of the Congress.

MAPLE SUGAR

I have said the trade agreement with Canada works an injury to New England. Let me illustrate: Maple sugar is one of the chief agricultural products of Vermont. Its commercial value for 1935 is estimated to be \$2,026,000.

In 1930 I secured a reasonable tariff rate of 8 cents a pound on sugar. This afforded ample protection against Canadian competition with low costs of production.

Before this rate went into effect a New York importer, acting, it was claimed, for a great industrial concern, a consumer of maple sugar, brought a petition to the Tariff Commission, and through efforts on the part of two secretaries of former Presidents as attorneys, got the rate reduced to 6 cents a pound.

Now comes the reciprocal agreement reducing it to 4 cents, one-half of the 1930 rate fixed by Congress. This is a rate that encourages competition that cannot be met, and it is a hard blow for the Vermont farmer. His only salvation lies in an adjustment of the tariff rate.

OUR MONEY

Prior to the depression the banks of Vermont had \$50,000,000 of money, earned by hard labor of our people, invested in developing the farms of the South and West, and many other millions invested individually and through the medium of insurance companies. This money should have been put to and kept at work to develop our home section. Let the State legislatures of New England see to it that our people are protected against losses by a similar condition when prosperity returns and we have money to invest.

TEXTILES

Our great textile industries are at low ebb. We need ample tariff protection for these products. We have lost our markets. Let me point to an example. In the fall of 1934, when I made an investigation of economic conditions in the Philippines as a member of the President's Commission, the Philippines was our best customer for cotton cloth, bleached and unbleached, taking 70 percent of the import, while Japan furnished 30 percent. In 1935, when I was again in the Orient, these percentages were just reversed. Japan, through low labor costs, had captured our best market right under the American flag. Thousands of American textile workers at home were kept from earning their living while Japanese workers were employed full time. We cannot compete with the Japanese. Our only practical safeguard is sufficient tariff protection.

There has been introduced in Congress the so-called Ellenbogen bill, which proposes hindrances under which our textile manufacturers cannot live. Its provisions are intolerable and unworkable, and will tend to a loss of capital investment, unemployment, and widespread misfortune. It is no time to further hamstring the industry.

OUR RAILROADS

We are concerned with the maintenance of a home-controlled railroad system of transportation. It will be conceded, of course, that the railroads must continue to be our principal reliance for this essential of our business prosperity.

I recognize the justice of their demands for equality in the matter of taxation, regulation, and subsidies; since they are carefully regulated their competitors should also be regulated. In the matter of supervisory and restrictive laws other methods of transportation should be subjected to the same treatment as our railroads.

MILK

Rural New England is a great dairying section. It is essential that the farmers be prosperous. To be prosperous they must get a reasonable price for milk. The farmer is at the mercy of the middleman and the distributor unless he is protected. He should be assured of a minimum price that will pay for his labor, his overhead, and return a reasonable profit. It is his business. He puts in the capital necessary and the labor. The farmer is the one to be looked out for, not the groups that are manipulating the farmers' products for selfish ends. Any other solution means ruin eventually for the farmer, and his ruin means disaster for New England.

A new milk-marketing agreement for the Greater Boston sales area containing a complicated schedule of minimum prices for producers became effective February 9. The guaranteed class A price to producers ranges on a downward scale from \$3.42 per hundredweight for milk delivered from a plant of an association of producers to a handler's plant within 40 miles from Boston to \$3.09 for milk sent from a producers farm to a handling plant outside the 40-mile radius with a deduction of freight costs from the delivery point to the dealer's plant in the market area.

This represents an increase of approximately 44 cents per hundredweight in price to producers above those prices contained in the license which the order supplants.

This order was tentatively approved by the Secretary of Agriculture on January 18 last and is now before the President for his approval.

AIR MAIL

We need air-mail extensions for northern New England. The Boston-Burlington route should include St. Johnsbury and other towns and a new service established from Springfield, Mass., north through to Burlington. I have reason to believe that the Post Office Department will look with favor upon such a route.

NEW ENGLAND

The people of New England should wake up and fight for their interests. If we have any Member of Congress who cannot do so wholeheartedly, he should step aside for someone who will.

A New England bloc in Congress—who is afraid of it? Other sections get results through unity of action, and we help pay the bills. Let us rally to the defense and protection of our homeland.

I agree with Governor Brann, as he recently stated, that "New England should cement itself into a live unit for its own advancement."

We must keep alive the good old spirit that makes us great. By the application of the old virtues of thrift, frugality, economy, and individual initiative we can once more become the leader and save this Nation of ours.

GEORGE WASHINGTON, AMERICAN

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by my colleague, the gentleman from California [Mr. Buck], on Washington's anniversary.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by my colleague, Hon. FRANK H. BUCK, of California, at Alexandria, Va., on February 22, 1936, to the

members and guests of Alexandria-Washington Lodge, No. 22, A. F. and A. M., on the occasion of their exercises commemorating the two hundred and fourth birthday of George Washington:

May I first express the deep appreciation which I feel of the honor that you have conferred upon me in asking me to be present and participate in your celebration of the birthday of the Father of his Country? No words of mine can add to his greatness; no portrait that I could paint can extol his reputation or make more secure the place that he holds in the hearts of his countrymen, least of all here in Alexandria—

"Where Washington hath left
His memory
A light for after times."

But it is well to recall that memory; it is well to consider briefly the career and the acts and the impulses that made him the first American and which have continued to enshrine him in the hearts of his countrymen. Let us then inquire into the sources of his power and his influence, his own attributes that made men acknowledge his leadership cheerfully, and into the results that came from that influence and power.

His great versatility is the outstanding characteristic of George Washington—surveyor, engineer, explorer, farmer, businessman, military leader, statesman, and President of the United States. In all these vocations and avocations he succeeded. He applied to each one of these occupations that common sense and ability and that tireless energy which marked his whole career. He took literally that splendid injunction which centuries ago David gave to Solomon: "Whatsoever thy hand findeth to do, do it with all thy might." How many of us today would profit by following half as well as our first leader did that injunction?

Without doubt the noble qualities which the world came to admire were developed as the result of the early training and hardships which he underwent in his surveying trips and in his military experiences in the French and Indian War. Blessed with hard-headed common sense, he learned there the necessity of discipline; he learned the difficulty of arousing the plainer types of citizens—yes; even those on the frontier—to be patriots, or even to be defenders of their own property. With State, and even county, loyalty more or less imaginary, with the militia irregular, with the commissary inadequate and depending on disunited action, he learned the vital importance of that united effort which he took the lead in later translating into the Union of the States.

His early exploration taught him the value of what was then the West, and taught him above all to oppose sectionalism at any cost. He was the first to advocate the linking of the Mississippi Valley with the Atlantic coast. He advocated extension of the Virginia rivers from tidewater to inland navigation and a canal connecting Lake Erie with the Hudson River. His was a firm belief in the development of the resources and commerce of the Colonies, but not as several and separate units. His was a truly national view.

The value of this viewpoint was demonstrated by his conduct of the Revolutionary War. Of course, there were conflicts and jealousies between the several Colonies; of course, there were efforts to unseat him from the central power of command; but always, because of the purity of his character, because of the fact that he was not an agitator, because of the self-sacrifice that he was willing to make for public service, and because of his firm and assured persistency, his words and actions inspired the confidence that was necessary to hold together the oftentimes discouraged and never well-prepared colonial forces.

I have said that he was no agitator, and, while he took an active part in political life, he was not an orator. His work was not done on the rostrum or through pamphlet or press; nevertheless, he was the man of whom Patrick Henry said:

"If you speak of solid information and sound judgment, Colonel Washington is by far the greatest man on the floor."

It is not my purpose to review in detail the life history of George Washington, nor to carry you with him through the struggles of the Revolutionary War. Your own memories will supply a recollection of the trials and tribulations over which the spirit of George Washington rose triumphantly. Nor was it only foreign foe that he had to fight; indifference, jealousy, and intrigue at home were also to be overcome. The way of a man who fixes his eyes on the stars is a hard way. Aye—

"Be thou as chaste as ice, as pure as snow, thou shalt not escape calumny."

And under calumny he suffered. But his spirit of public service and devotion to the common weal was so great and so strong that eventually and permanently it has shaken off and overcome all attacks that have been directed against him.

Probably the greatest work he accomplished for the benefit of posterity was securing the adoption of our Federal Constitution. No one can deny that Washington's efforts were by far the most influential in securing public approval of that document which, however much we have changed it in the past and however many times we may change it in the future, will still remain the guardian of our liberties. By this work he made the rights of man so eloquently described and preached by another great Virginian—Thomas Jefferson—a reality. The necessity of a central government for the States was clearly seen by him and came naturally as the result of that lesson of unity which he had learned during his early and middle life. It is not too much to say that he first practically conceived of the United States as a nation.

One may note in his farewell address the use of the word "American" throughout. One may note there the effort to securely link the scarcely settled West to the Atlantic seaboard. Note, too, the care with which he called the people's attention to the fact that the Constitution must necessarily be an instrument of growth. The people of his day were not constitutionally minded—their problems were still local. They felt that somehow or other the Constitution would execute itself. Even today some of our people feel the same way. But Washington knew that it would not. He knew the care with which the duties it imposed must be executed. Probably his ideal of dispensing with parties in the American Government was too high to be reached; perhaps he did not see the inevitability of differences of honest minds which must exist on all questions of domestic concern. Time and history, however, have vindicated his conception of union and have shown that we may be divided at home in our counsels, but that our strength lies in the fact that we stand united against all attacks from the world at large, seeking no power over others, but intent on defending our own rights.

The truly national view is one that is most difficult to reach. Neither of the leading members of President Washington's first Cabinet attained it; it is neither the commercial view of Hamilton with his solicitude for manufacturers, nor that of Jefferson, with its tender concern and aid for agriculture, but that of Washington who tried to bring both of these together.

In truth, we may well give thanks that there lived in those troublous times one who had learned the lesson of united effort, and who applied that lesson in his actions throughout his life, most especially when called to preside over the Nation's destiny.

It has been said that:

"An institution is the lengthened shadow of a man."

If so, we may well regard our free institutions as the projection of George Washington's shadow into immortality.

Tonight we meet to honor the memory of one whom the world has proclaimed among the greatest. We meet to acknowledge and revere the towering judgment, wisdom, and leadership of George Washington, American.

"Unbounded courage and compassion join'd,
Tempering each other in the victor's mind,
Alternately proclaim him good and great,
And make the hero and the man complete."

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. WHITE. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of business on the Speaker's desk, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

COST OF ELECTRIC POWER

The SPEAKER. Under the special order for today the Chair recognizes the gentleman from Mississippi [Mr. RANKIN] for 20 minutes.

Mr. RANKIN. Mr. Speaker, a few days ago Mr. Wendell Wilkie, president of the Commonwealth & Southern, gave out a statement in which he is quoted as saying that if his companies were given the subsidies now received by the T. V. A. they could undercut the publicized T. V. A. light and power rate 25 percent. I am taking the floor at this time to answer that statement and to discuss for a short time the subject of the cost of electric power.

Permit me to say at this time that if President Roosevelt had never done anything else, his effort to bring down the price of electric light and power to the ultimate consumer would perpetuate his name in history as one of the greatest benefactors of mankind. [Applause.]

Every single reduction that has been made in light and power rates within the last 3 years, from Maine to California, has been made as a result of the Roosevelt power policies and the T. V. A. yardstick. I predict that within 5 years the present T. V. A. rates will be the maximum power rates in every congressional district in the United States. The consumers of electric energy are going to demand more decent treatment in the fixing of these rates, and they are going to expect us, their Representatives, to see that they get it.

Let me say to the gentlemen who oppose this policy that you are tampering with the most dangerous and powerful issue now before the country. You are tampering with an issue that reaches into 20,000,000 homes and into every room of those 20,000,000 homes. It reaches into 5,000,000 business houses. Every one of those 25,000,000 consumers have come to realize that they have been grossly overcharged for electric lights and power. Mark my prediction: They may not draw the party line, but, in my opinion, they are going to drive from office those men who oppose these efforts to bring down electric light and power rates and give the people the benefit of this great natural resource at what it is worth.

Mr. Wilkie states, as I said before, that he could sell power for 25 percent less than it is being sold under the T. V. A. rates if he only had the same subsidy. You know, Congress, the Roosevelt administration, and the Supreme Court of the United States have just about "debunked" Mr. Wilkie. In fact they have just about "debunked" all these other propagandists for the power interests. However, he has been so thoroughly "debunked" by his own record that all I need to do is to expose it to the public gaze. Mr. Wilkie is president of the Commonwealth & Southern, a holding company, a bleeding company, that owns the Mississippi Power Co., the Alabama Power Co., the Georgia Power Co., and other power companies that operate in certain Northern States, especially in the State of Michigan, where a few scattered Republicans are promoting the candidacy of a favorite son for the Republican nomination for President.

The record shows that the people of the State of Michigan, the consumers of electric lights and power, are overcharged \$34,000,000 a year. If their light and power rates were reduced to the T. V. A. levels, the consumers of electric lights and power in Michigan would save \$34,000,000 a year. I suggest that their favorite son let all those millions of electric consumers know where he stands on this vital issue now.

I note that the State of Kansas also has a "favorite son" who is a candidate for the Republican nomination for President, and who seems to studiously avoid the power issue. The people of Kansas are overcharged \$9,174,000 a year for electric lights and power. Let this "favorite son" tell the people of Kansas how he stands on the power question. Of course, if he is on the side of the people, the consumers in Kansas who are being robbed through these exorbitant rates, if he takes sides with them, he will lose the support of the Power Trust newspapers that are now boosting him. The Liberty League will quit him cold; Wall Street will forget him. On the other hand, if he is on the side of the Power Trust in this fight, he could not hope to secure the support of the people of Kansas who are thus being robbed of more than \$9,000,000 a year.

I understand, too, that Illinois has a "favorite son" who is mentioning himself quite frequently as a candidate for the Republican nomination for President. The people of the State of Illinois are overcharged \$58,474,000 a year for electric lights and power. I wonder what this "favorite son" is going to say to them on this vital issue. He cannot hope to carry Illinois without the support of the millions of consumers of electric energy. Yet, if he comes out on the people's side of this issue, he will lose the support of every Power Trust newspaper in the country, and every newspaper that sympathizes with the Power Trust in this fight—except his own.

The State of Iowa has a "favorite son" who seems to desire to be the next ex-candidate for President on the Republican ticket. The people of Iowa are overcharged \$12,480,000 a year for electric lights and power. I wonder what he is going to say to them on this subject. If he is with the people of Iowa, it is getting about time he let them know it. If he comes out on the right side of this question, of course, he will lose the support of the Liberty League and all the Power Trust newspapers in the United States. If he comes out on the side of the Power Trust, he could not carry Iowa, even if he got the nomination—even if he should promise to put "two cars in every garage and two chickens in every pot."

The State of Idaho has a favorite son who is seeking the Republican nomination for the Presidency. The people of Idaho are overcharged \$2,761,000 a year. Let him speak up and tell the American people exactly where he stands on this all-important issue.

And I see from the Republican press that there is an independent (?) candidate "way down in Georgia." I wonder where he stands on the power question, or where he is going to say he stands. The people of Georgia are overcharged \$9,666,000 a year for lights and power, and the majority of them get no electricity at all, although the T. V. A. is at their door and T. V. A. power is available to them.

In order that other favorite sons may have no alibis, I am giving here the overcharges by States, showing the amount that the people of each State would save if they were getting their electric energy at the T. V. A. rates.

MAINE

Under the T. V. A. rates the people of the State of Maine would save \$5,087,000 a year.

NEW HAMPSHIRE

Under the T. V. A. rates the people of the State of New Hampshire would save \$3,443,000 a year.

VERMONT AND RHODE ISLAND

Under the T. V. A. rates the people of the States of Vermont and Rhode Island together would save \$8,222,000 a year.

MASSACHUSETTS

Under the T. V. A. rates the people of the State of Massachusetts would save \$37,184,000 a year.

CONNECTICUT

Under the T. V. A. rates the people of the State of Connecticut would save \$14,451,000 a year.

NEW YORK

Under the T. V. A. rates the people of the State of New York would save \$125,699,000 a year.

NEW JERSEY

Under the T. V. A. rates the people of the State of New Jersey would save \$39,123,000 a year.

PENNSYLVANIA

Under the T. V. A. rates the people of the State of Pennsylvania would save \$71,169,000 a year.

OHIO

Under the T. V. A. rates the people of the State of Ohio would save \$46,843,000 a year.

INDIANA

Under the T. V. A. rates the people of the State of Indiana would save \$19,184,000 a year.

ILLINOIS

Under the T. V. A. rates the people of the State of Illinois would save \$58,474,000 a year.

MICHIGAN

Under the T. V. A. rates the people of the State of Michigan would save \$34,025,000 a year.

WISCONSIN

Under the T. V. A. rates the people of the State of Wisconsin would save \$17,893,000 a year.

MINNESOTA

Under the T. V. A. rates the people of the State of Minnesota would save \$14,460,000 a year.

IOWA

Under the T. V. A. rates the people of the State of Iowa would save \$12,480,000 a year.

MISSOURI

Under the T. V. A. rates the people of the State of Missouri would save \$21,068,000 a year.

NORTH DAKOTA

Under the T. V. A. rates the people of the State of North Dakota would save \$2,184,000 a year.

SOUTH DAKOTA

Under the T. V. A. rates the people of the State of South Dakota would save \$2,480,000 a year.

NEBRASKA

Under the T. V. A. rates the people of the State of Nebraska would save \$7,156,000 a year.

KANSAS

Under the T. V. A. rates the people of the State of Kansas would save \$9,174,000 a year.

DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, AND WEST VIRGINIA

Under the T. V. A. rates the people of the States of Delaware, Maryland, and West Virginia, and the District of Columbia together would save \$24,870,000 a year.

VIRGINIA

Under the T. V. A. rates the people of the State of Virginia would save \$9,600,000 a year.

NORTH CAROLINA

Under the T. V. A. rates the people of the State of North Carolina would save \$10,642,000 a year.

SOUTH CAROLINA

Under the T. V. A. rates the people of the State of South Carolina would save \$5,567,000 a year.

GEORGIA

Under the T. V. A. rates the people of the State of Georgia would save \$9,666,000 a year.

FLORIDA

Under the T. V. A. rates the people of the State of Florida would save \$9,141,000 a year.

KENTUCKY

Under the T. V. A. rates the people of the State of Kentucky would save \$8,227,000 a year.

TENNESSEE

Under the T. V. A. rates the people of the State of Tennessee would save \$9,852,000 a year.

ALABAMA

Under the T. V. A. rates the people of the State of Alabama would save \$6,163,000 a year.

MISSISSIPPI

Under the T. V. A. rates the people of the State of Mississippi would save \$3,981,000 a year.

ARKANSAS

Under the T. V. A. rates the people of the State of Arkansas would save \$4,157,000 a year.

LOUISIANA

Under the T. V. A. rates the people of the State of Louisiana would save \$7,401,000 a year.

TEXAS

Under the T. V. A. rates the people of the State of Texas would save \$24,912,000 a year.

OKLAHOMA

Under the T. V. A. rates the people of the State of Oklahoma would save \$8,639,000 a year.

MONTANA AND UTAH

Under the T. V. A. rates the people of the States of Montana and Utah together would save \$6,546,000 a year.

IDAHO

Under the T. V. A. rates the people of the State of Idaho would save \$2,761,000 a year.

WYOMING

Under the T. V. A. rates the people of the State of Wyoming would save \$1,318,000 a year.

COLORADO

Under the T. V. A. rates the people of the State of Colorado would save \$6,405,000 a year.

ARIZONA AND NEW MEXICO

Under the T. V. A. rates the people of the States of Arizona and New Mexico together would save \$4,287,000 a year.

NEVADA

Under the T. V. A. rates the people of the State of Nevada would save \$1,034,000 a year.

WASHINGTON

Under the T. V. A. rates the people of the State of Washington would save \$12,188,000 a year.

OREGON

Under the T. V. A. rates the people of the State of Oregon would save \$6,929,000 a year.

CALIFORNIA

Under the T. V. A. rates the people of the State of California would save \$53,503,000 a year.

Of course, the people of the various States would save a great deal more than this record indicates if they were getting their power at T. V. A. rates, for the simple reason that they would use more of it. They would also enjoy the use of more electrical appliances, such as refrigerators, water pumps, electric ranges, washing machines, and other labor-saving devices.

Let me suggest to these various "favorite sons" who, as Private John Allen's old Negro once said, are "running for candidate", as well as to the candidates for the House and Senate, that they had better familiarize themselves with this issue and be prepared to answer the American people. The voters, the consumers of electric lights and power, who are paying these exorbitant bills and the millions of farmers who are being denied the use of any electricity at all are going to be like the old Negro who got lost one night in a thunderstorm and was trying to follow a beaten path by the flash of the lightning: He got on his knees in the midst of the excitement and prayed to the Lord to "Gimme less racket and more light." The people are going to demand of these favorite sons that they be given less racket and more light.

Now, let us get back to Mr. Wilkie's statement and see what the "benevolent" Commonwealth & Southern could, or did, do if furnished cheap power by the T. V. A.

When this administration came into power the Commonwealth & Southern was buying power at Muscle Shoals at 2 mills a kilowatt-hour. They were relaying it to the ultimate consumers less than half a mile away at 10 cents a kilowatt-hour, or a difference of 4,800 percent. They were selling it to some farmers in my district at from 30 to 40 cents a kilowatt-hour.

The only farmers who were getting any of this power in my section of the country were paying a line charge of \$3.25 a month and then 5 cents a kilowatt-hour for what electricity they used; in other words, they were paying anywhere from 30 to 40 cents a kilowatt-hour for electricity that was costing the Commonwealth & Southern 2 mills a kilowatt-hour at the dam. For 25 kilowatt-hours a month one of these farmers paid the sum of \$4 for electricity that cost the power company 5 cents at the dam.

As you know, at that time we were in the midst of the depression. This was in 1932 and 1933, when the banks were closed, when the most-distressed conditions we have ever witnessed prevailed in this country, but at that time the president of the Commonwealth & Southern was drawing down a salary of \$130,000 a year.

Now, it is charged that this power is being sold below the cost of production, and it is on that question of the cost of power that I wish to address you at this time.

I have before me the report of the Army engineers, made in 1930, and signed by Patrick J. Hurley, the Republican Secretary of War, in which is given the cost of power produced at Muscle Shoals.

The Commonwealth & Southern proved to us then that while they were buying it for around 2 mills a kilowatt-hour, they were paying all it was worth. Now, when we buy it for 6 mills per kilowatt-hour, Mr. Wilkie intimates that if he could get it at the same rate he could sell it for 25 percent less than it is being sold in that area today.

Let us see whether or not they were selling it below the cost of production then.

On page 530 of this report of the Army engineers it is stated that—

The sale prices for Wilson Dam power necessary to obtain in order to pay 4 percent on the investment in plant and transmission lines, and to cover the cost of operation and maintenance (indefinitely) of these are based upon the known cost of the hydro plant to date, a careful estimate of additional installation at costs of the present installation, and upon estimates of the cost of transmission lines, and of operation, depreciation, etc. It is seen—

Here is what the Army engineers said under a Republican administration back when Mr. Hoover was putting "two cars in every garage and two chickens in every pot" [laughter]—

It is seen, therefore, that these prices are based largely upon known costs, and that an error in the items estimated would affect the sales prices but little. The hydro prices reduced to mills per kilowatt-hour would be as follows:

Listen to this, you gentlemen who have been accusing us of selling power below the cost of production, because we are going to take this fight into every community in the United States, and we are going to give the American people the benefit of cheap electricity before it is finished. So either take up the gauntlet or get aboard and join the ranks of righteousness in this battle for a worthy cause.

At the switchboard it could be sold—

The report says—

at 1.352 mills per kilowatt-hour.

The Commonwealth & Southern showed that they were paying a profit when they bought this power at 2 mills per kilowatt-hour, and they were telling the truth, for once.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I will, in just a minute. I know what the gentleman is going to ask, and I have the answer ready. [Laughter.]

Now, listen:

To transmit it 100 miles—

That is, down to Tupelo, we are just about 100 miles away—and that includes all costs of generation and transmission—

1.993 mills per kilowatt-hour.

Yet when we pay 6 mills at Tupelo, he intimates that if he could buy it at that price, he could sell it for 25 percent less than we consumers are now paying for it.

"Transmitted 200 miles", which would reach Memphis, "2.310 mills per kilowatt-hour."

"Transmitted 250 miles", which would, today, reach Columbus, Ohio, from the Norris Dam, "2.467 mills per kilowatt-hour."

"Transmitted 300 miles, 2.625 mills per kilowatt-hour."

"Transmitted 350 miles, 2.775 mills per kilowatt-hour."

This is what it costs to produce and transmit power estimated by the cold, logical, disinterested Army engineers under a former administration.

I now yield to the gentleman for a question.

Mr. RICH. Will the gentleman put in the RECORD a breakdown of that cost of 1.35 mills per kilowatt-hour, so we may see the elements of overhead that are figured under the Muscle Shoals or T. V. A. power cost? I am anxious to know if all elements of cost are figured, such as a business concern must reckon with.

Mr. RANKIN. I will put in this statement, which covers the whole thing.

Here is a statement of the Army engineers, as shown on page 530 of that report (H. Doc. No. 328, 71st Cong., 2d sess.):

The sales prices for Wilson Dam power necessary to obtain in order to pay 4 percent on the investment in plant and transmission lines, and to cover the cost of operation and maintenance (indefinitely) of these are based upon the known cost of the hydro plant to date, a careful estimate of additional installation at costs of the present installation, and upon estimates of the costs of transmission lines and of operation, depreciation, etc. It is seen, therefore, that these prices are based largely upon known costs, and that an error in the items estimated would affect the sales prices but little. The hydro prices reduced to mills per kilowatt-hour would be as follows:

	Mills per kilowatt-hour
At the switchboard.....	1.352
Transmitted 100 miles.....	1.993
Transmitted 200 miles.....	2.310
Transmitted 250 miles.....	2.467
Transmitted 300 miles.....	2.625
Transmitted 350 miles.....	2.775

On page 531 of this same report we find this statement:

To supply the prospective market under consideration, it is estimated that the average transmission distance would be 250 miles, and based upon transmission-cost data worked up in the

Nashville office, a copy of which constitutes a part of appendix G, section C, of this report, this would be 1.118 mills per kilowatt-hour including line losses. Having the average cost of hydropower at the switchboard, and the average cost of transmission over the average distance, 1.358 plus 1.118 equals 2.470 mills per kilowatt-hour, equals the average cost of the hydropower delivered at an average distance of 250 miles.

Thus it will be seen that, taking all factors into consideration, this power can be generated and transmitted 250 miles at a cost of 2.47 mills per kilowatt-hour.

Mr. WILCOX. Mr. Speaker, will the gentleman yield to me at that point?

Mr. RANKIN. Yes.

Mr. WILCOX. Just to call attention to the fact that when the bill was before the House I inserted from the hearings that entire break-down, so that it has been put into the RECORD, and it has never been disputed.

Mr. RANKIN. I thank the gentleman from Florida. I am afraid the gentleman from Pennsylvania is not so much interested in the facts. What he needs is an alibi—a storm cellar in which to escape the righteous wrath of an outraged public opinion in Pennsylvania.

The outstanding example of the actual cost of generating and distributing hydroelectric power is that of the municipal light and power plant at Tacoma, Wash. They have a plant valued at about \$23,000,000, which has an outstanding indebtedness of about \$7,000,000. The balance has been paid out of the revenues derived from the sale of electric energy. Tacoma has a hydroelectric plant and also a steam plant for standby or emergency purposes. This light and power system is entirely separate from the city and pays taxes to the municipality just as if it were a private concern. In 1934 Tacoma generated and sold 199,872,994 kilowatt-hours of electric energy, which it generated and distributed to the ultimate consumers at an average price of 8 mills per kilowatt-hour, after paying its operating expenses of \$496,662.40, interest on the indebtedness of \$402,171.68, depreciation amounting to \$594,375.29, and taxes in the sum of \$154,139.51.

Mr. EAGLE. Does Tacoma own its plant?

Mr. RANKIN. Yes; it is a publicly owned plant and distribution system, and I might say to the gentleman from Texas that it has a complete monopoly of the power business in the city of Tacoma.

The city of Springfield, Ill., has a publicly owned power system, and generates its energy by steam. Although it serves a population of only about 72,000 people, Springfield generated and distributed power to the ultimate consumers in 1934 at an average cost of 1½ cents a kilowatt-hour. Richmond, Ind., with a population of only 33,000 people, generated and distributed power at an average cost of 1½ cents a kilowatt-hour. Hannibal, Mo., a city of 22,000 people, with a municipally owned steam plant and distribution system, generated and distributed electricity in 1934 at a cost of 1.27 cents per kilowatt-hour. I could cite an indefinite number of similar cases, all of which go to show that power can be generated and distributed anywhere in the United States at the T. V. A. rates, without in any way impairing the values of legitimate investments.

The gentleman from Pennsylvania [Mr. RICH] has challenged a statement that I made, to the effect that ordinarily power can be produced as cheaply by steam as by water power.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. RICH. I did not challenge the statement the gentleman made yesterday, but now I do not believe it is so and I would like to have the gentleman produce the figures.

Mr. RANKIN. If that is not a challenge, I do not know what a challenge is.

Mr. RICH. Then I challenge the gentleman.

Mr. RANKIN. Then I will answer the gentleman from Pennsylvania. He has more coal in his State, perhaps, than any other State in the Union, and an abundance of oil and of water power, but he has never hesitated to oppose every movement by the Roosevelt administration to bring down the power rates to the people of the country.

Mr. RICH. I want it done by individuals. I am opposed to the Government in business in everything.

Mr. RANKIN. He is for whatever will help them continue to take from the masses of the people of Pennsylvania the \$70,000,000 to \$75,000,000 a year that is now being wrung from the consumers of electric light and power in that State.

Mr. RICH. Oh, I am not defending the Power Trust.

Mr. RANKIN. The gentleman says that, but if you will refer to his votes, to his record, you will find that he has opposed every single measure that we have brought in here, every effort of the administration to bring down electric light and power rates.

Mr. RICH. I am trying to save the country and God knows we need to, and if you do not help pretty soon, you will wreck it.

Mr. RANKIN. Yes? Now, that sounds familiar. The gentleman's party has been in power in Pennsylvania almost since the Civil War. They have not only refused to listen to the appeals of the ultimate consumers of electric light and power in that State—the home owners, the housekeepers, the people who rear the children and pay the taxes of Pennsylvania—but they have sat idly by and let the Power Trust rob the people of that State without a protest, or aided them in so doing, until the present Democratic Governor took office. As I pointed out, the Republicans have been so lenient with the utilities that they have permitted them to acquire and own \$100,000,000 worth of the best real estate in Pennsylvania which was absolutely escaping taxation, and that burden was being piled back onto the shoulders of the people of the State when your present Democratic administration came into power.

Mr. RICH. Permit me to make this statement: The Public Service Commission of Pennsylvania is after the Power Trust to cut down their rates so that the people will get the benefit of it. I favor it, and our electric rates have been reduced.

Mr. RANKIN. That is the same old story, Mr. Speaker. It reminds me of the old woman who punished the mole by burying it alive, because it rooted out her vegetables. [Laughter.]

The utilities have controlled your Public Service Commission with the consent of the Republican leaders in Pennsylvania ever since the Republican Party got control of that State more than 50 years ago.

The reductions in light and power rates that have been made in Pennsylvania up to date all came about after the present administration came into power, and they never would have been made if it had not been for the power policies of the Roosevelt administration and the publication of the T. V. A. yardstick rates. The people of Pennsylvania are still overcharged \$71,000,000 a year, according to the T. V. A. rates, and their only hope for relief from this terrific burden lies in the reelection of a Democratic administration.

Now, with reference to my statement that under ordinary conditions electric energy can be generated as cheaply by steam as it can by water power, I refer you to page 419 of the report of the Science Advisory Board, published in September 1935. This Board is not political, and it is not partisan. It is composed of leading scientists of the country who are interested in collecting and disseminating scientific information. They answer the gentleman from Pennsylvania [Mr. RICH] in this language:

As a result of the recent great improvements in furnaces and engines, the low present prices for fuels and the possibility of building the fuel electric plants near the markets for current and yet where fuels can be delivered cheaply, it is commonly less costly to provide electricity by combustion methods than by harnessing water power and building transmission lines.

Every human being in Pennsylvania, if they were treated justly, could be getting light and power at the T. V. A. rates, and you could be producing it with Pennsylvania coal, with Pennsylvania oil, with Pennsylvania gas, or with Pennsylvania waterpower.

Now let us look at the State of Ohio, whose people are overcharged \$46,843,000 a year for lights and power. Columbus, the capital city of that State, owns its electric plant and distribution system and is today producing and dis-

tributing power for an average of 1 cent per kilowatt-hour, while the rest of the people of the State, buying from private power companies, are paying 3 or 10 cents a kilowatt-hour, and the farmers of Ohio are being denied any electricity at all.

Nearly all the people of Ohio live within the distribution radius of the T. V. A. at Norris Dam and should be getting lights and power at T. V. A. rates. Every farm in Ohio should be electrified at T. V. A. rates.

I have not been deceived as to what this new power policy means. I have seen the ultimate results. In the words of Shakespeare, I have had the "ocular proof." I know that carrying out the power policies of this administration will be one of the greatest blessings that can possibly come to the American people for the next 25, 50, or 100 years. It will brighten the homes and lighten the burdens of millions of our people. It will turn back the tides that have been congesting our cities. It will make farm life pleasant and profitable and attractive. It will keep our young people on the farm where they can live and enjoy life as they should. It will take back to the farms many thousands, yes, hundreds of thousands, of people who have been forced to move to the city because conditions have been such that they have been unable to earn a livelihood on the farm and pay the tariffs and other indirect taxes which Republican administrations have imposed upon them for the last 50 years.

Mr. MAIN. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Michigan.

Mr. MAIN. I know the gentleman is unusually well-informed on this subject, and I would like to know his opinion as to when we can expect a ruling by the Supreme Court on the fundamentals involved in the T. V. A. legislation?

Mr. RANKIN. That has already been done. That was all covered by the recent decision of the Supreme Court in the T. V. A. case. That decision settled, for all time, the right of the Federal Government to build dams on navigable streams to improve navigation, to generate and sell electricity at those dams, or to build transmission lines to carry that power to the point of delivery.

It was a complete and sweeping victory for the T. V. A., for the administration, for the Government, and for the American people, in this great struggle for justice to the consumers of electric light and power. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Mississippi has again expired.

CORRECTION OF THE RECORD

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent to correct the RECORD. On Wednesday I read into the RECORD a letter. I read now from the rules for publication of the RECORD:

Rule 3: The Public Printer shall print verbatim a report of the proceedings of debates of the Senate and House of Representatives as furnished by the Official Reporters in the CONGRESSIONAL RECORD in 7½-point type. All matters included in the remarks or speeches of Members of Congress, other than their own words, and all reports, documents, and other matter authorized to be inserted in the RECORD, shall be printed in 6½-point type. All roll calls and lists of pairs shall be printed in 6-point type.

Since the letter which I read was in my "own words", to use the words of the rule "other than their own words", I maintain it should have been in 7½-point.

The SPEAKER. The Chair will state to the gentleman that letters, no matter by whom they are written, are printed in small type. The gentleman from Montana made no request that his letter be printed in any other form of type. That is a matter which rests entirely with the Joint Committee on Printing, and that committee has formulated certain rules, and the Chair assumes that the Public Printer is following the rules as laid down by the Joint Committee on Printing. What is the request of the gentleman?

Mr. MONAGHAN. I ask unanimous consent that the RECORD be corrected and that this letter be reprinted in 7½-point type, inasmuch as aged people are the ones who will read it.

The SPEAKER. The Chair does not think he has a right to even recognize the gentleman to make a unanimous-consent request on that matter, because that is fixed by law.

Mr. O'CONNOR. Mr. Speaker, may I be heard on the matter?

The SPEAKER. The Chair will hear the gentleman.

Mr. O'CONNOR. This question has come up several times covering the Printing Act, and the Speaker should not even recognize a Member, even under unanimous consent, for the purpose of permitting any matter except the gentleman's own remarks to be printed in large type. That situation can only be changed by law.

Mr. MONAGHAN. But it was my own remarks.

The SPEAKER. But it was in the form of a letter and not his own remarks.

Mr. O'CONNOR. Such a unanimous-consent request has been made several times, but the Government Printing Office would pay no attention to it if it were granted by the House under unanimous consent.

Herewith is the law and the rule on the subject:

MOTION TO PRINT IN SPECIAL TYPE IN THE CONGRESSIONAL RECORD NOT IN ORDER

By section 13 of the Printing Act, approved January 12, 1895, Congress specifically delegates to the Joint Committee on Printing absolute power to determine the "arrangement and style" of the CONGRESSIONAL RECORD.

A motion submitted in either branch of Congress to print certain matter in a particular style of type is not in order and should not be entertained by the Presiding Officer for the reason that "it is contrary to the elementary principles of parliamentary law for one branch of Congress to amend, rescind, or vacate a standing order of a committee to whom absolute power to take specific action, exercise complete jurisdiction and full control has been delegated by the joint or concurrent action of the two Houses of Congress. To nullify or amend the action of such a committee requires the same parliamentary procedure as granted the authority."

It would be futile to forward a unanimous-consent request for special type to the Public Printer, because, in view of this law, he is without authority to comply therewith and has been so informed by the Joint Committee on Printing.

Mr. ZIONCHECK. Reserving the right to object, Mr. Speaker, I made a most eloquent plea to have some of my remarks printed in large type, but I could not get it done; so how does the gentleman from Montana expect to get it done?

The SPEAKER. The Chair has already stated that the Chair has no authority to recognize a request of this kind.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 32. Concurrent resolution requesting the President to return to the Senate the enrolled bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8458) entitled "An act to provide for vacations to Government employees, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. McKELLAR, and Mr. WHITE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8459) entitled "An act to standardize sick leave and extend it to all civilian employees", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. McKELLAR, and Mr. WHITE to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; and

S. 3035. An act to provide for enforcing the lien of the District of Columbia upon real estate bid off in its name

when offered for sale for arrears of taxes and assessments, and for other purposes.

EXEMPTION FROM TAXATION OF CERTAIN ASSETS OF RECONSTRUCTION FINANCE CORPORATION

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 427.

The Clerk read as follows:

House Resolution 427

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 11047, a bill relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation and reaffirming their immunity. That after general debate, which shall be confined to the bill and continue not to exceed 2½ hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. GREENWOOD. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

The SPEAKER. The Chair recognizes the gentleman from Indiana.

Mr. GREENWOOD. Mr. Speaker, this resolution for a rule is for the purpose of considering the bill H. R. 11047, pertaining to the taxation of preferred stock of the Reconstruction Finance Corporation by the States.

The act of Congress creating the Reconstruction Finance Corporation exempted the surplus, capital, and reserves from taxation by the States. The reason for this, I take it, was that the Reconstruction Finance Corporation was not a corporation for profit but one that was set up for relief of the various financial institutions and corporations of America during the emergency of the depression. The phrase "preferred stock" was not inserted in the statute. One or two States have attempted to tax the preferred stocks of national banks held by the Reconstruction Finance Corporation. The amount involved, as I understand, is something over \$5,000,000.

The Reconstruction Finance Corporation obtained this money from the United States Treasury at 2¾ percent and lent it to the banks to help them in the hour of emergency, to help them liquefy some of their frozen assets, to take care of the situation, at 3½ percent. The three-fourths of 1 percent was necessary to take care of the overhead of management. If the States were permitted to tax this preferred stock, it would mean that the rate of interest must necessarily be made higher, else it would have to be paid out of the Treasury of the United States. National banks were not taxed in the beginning, the Supreme Court holding that they were an agency of the United States Government and that the States should have no power to tax them, because the power to tax is the power to destroy.

In 1868, however, Congress enacted a law which permitted the States to tax the stock of national banks in the hands of individual stockholders; and it was on this general law that the Supreme Court in the Maryland case recently held that the general law prevailed, since the exemption stated in the act creating the Reconstruction Finance Corporation did not mention preferred stock as such but simply mentioned capital, surplus, and reserves. In order to bring this exemption to the Reconstruction Finance Corporation so it can operate at the rate of interest intended, and to relieve the situation, this measure is brought from the Banking and Currency Committee as an emergency measure. It passed the Senate on yesterday. We believe that it is right that this bill should be considered as an emergency measure. The rule is an open rule allowing 2½ hours of debate and all freedom of amendment. So the Rules Committee believe it should have this special consideration as an emergency measure.

All these loans made by the Reconstruction Finance Corporation are for the purpose of relieving the banks in the

local communities, depositors, and everything that is based upon the banking situation. In many instances it has helped banks to continue to operate, to pay deposits, and in the long run to carry on business activity. We cannot believe that a relief measure like this, set up by the United States Government, providing this special relief to banks to furnish them funds, to thaw out their frozen assets, and to continue them as going concerns, a nonprofit agency of the United States Government, should be taxed by the States.

I am not so familiar with the bill, of course, as are the gentlemen from the Banking and Currency Committee, but I have given a sort of general synopsis of the bill.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. RICH. While the Reconstruction Finance Corporation is doing a good thing so far as banks are concerned, does not the gentleman from Indiana believe it is time we should stop issuing tax-exempt bonds and that we should tax free stock? We must take the first step, we have got to make a beginning.

Mr. GREENWOOD. I think there is a great deal of merit in what the gentleman from Pennsylvania says. In time there may be an amendment to the Constitution or some enactment that will clear the way of these nontaxable securities; but certainly a corporation in which all the stock is owned by the Federal Government, set up as a relief measure, an institution that has helped banks and business through the emergency, is not the right place to begin.

If it is desired to remedy the whole situation, that would be different, but certainly it ought not to be used as a means to line up against this particular measure.

Mr. RICH. That is what I should like to see take place. We should start now and stop tax-free securities, whether it be tax-free stock or tax-free bonds.

Mr. CELLER. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from New York.

Mr. CELLER. I take it that the gist of the gentleman's argument is—and I agree with the argument—that we should not tax money that has been given to these banks in various sections of the country in order to rescue the depositors in those communities where the banks are located. The gentleman believes it would be wrong to tax that rescue money which is in the form of preferred stock held by the R. F. C.

Mr. GREENWOOD. I thank the gentleman for his contribution. The Federal Government has gone into every community to take care of the poor and the needy, a charge that has always been upon the township, the county, or the municipality, because the local community in many instances had broken down. Many millions of dollars has been spent by the Government for relief. This particular agency has helped the banks to keep open for the benefit of the depositors. Now shall we say that the State is to have the power to place this handicap on a relief agency that was created by the Government for the benefit of the community?

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. Has it come to the gentleman's attention that in a good many instances the R. F. C. has forced banks against their will to sell them preferred stock?

Mr. GREENWOOD. Why, certainly. There are many banks that will not admit they needed this relief; but the banking department of the United States Government laid down the regulations, and the banks cannot and should not be permitted to say that they may not need assistance if the banking department feels they do need it. Banks must maintain a capital structure of one-tenth or more of their deposit liability.

Mr. TAYLOR of Tennessee. I have in mind one little bank in my district that was forced to sell \$20,000 worth of preferred stock when it had on deposit over \$100,000.

Mr. GREENWOOD. Yes; I know of a similar situation in my district in connection with a bank that owned a lot of real estate that was questionable, and the banking department of the United States Government stated that until they cleared up those assets they should take this loan, and as a matter of safety the banking department held the banks should not be permitted to say whether they wanted to take the loan or not. They must keep their capital structure to satisfy the banking regulations of security and stability.

Mr. TAYLOR of Tennessee. That condition did not exist in connection with the bank to which I referred.

Mr. GREENWOOD. I do not know about the particular situation the gentleman refers to.

Mr. CELLER. In many cases the Federal Reserve banks forced these banks to whittle down their capital structure and then the R. F. C. came in and rescued them by adding to their capital structure by purchase of preferred stock. If it had not been for the R. F. C. and the Federal Reserve Board and banks, the national-bank examiners would have closed the banks up. Thank God for the R. F. C.

Mr. GREENWOOD. We do know that the policies which have been in force recently have placed the banking situation in America on the soundest basis in history. This has been brought about through the assistance of the Federal Government, which proposes strict regulations in order to secure that security, safety, and stability.

Mr. HAINES. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Pennsylvania.

Mr. HAINES. I am seeking information. The gentleman says that the R. F. C. was a nonprofit corporation. As I understand it, they have made profits in excess of \$100,000,000 to date.

Mr. GREENWOOD. Of course, they have handled business which amounts to billions of dollars. It may be that some slight profits have accrued in connection with these transactions, but the primary purpose of this organization is not for profit. If the profits have accrued, it is because of the leadership of Mr. Jesse Jones with good management, and if profits have accrued I am glad of it.

Mr. COCHRAN. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Missouri.

Mr. COCHRAN. I have read this bill, and I feel that my question perhaps is unnecessary; but at the same time I think the Record should show that during the last week there has been considerable in the newspapers with reference to the high salaries received as a result of appointments secured through the R. F. C. I feel confident there is nothing in this bill that will exempt such salaries from taxation, but I should like to have the gentleman say whether or not I am correct.

Mr. GREENWOOD. I cannot give the gentleman the information he desires; however, there is nothing in this bill affecting taxation of salaries.

Mr. COCHRAN. There is nothing in this bill that would exempt the salaries I refer to from taxation?

Mr. GREENWOOD. No. This bill has nothing to do with that matter.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from New York.

Mr. FITZPATRICK. A good many of the people who borrowed money from these closed banks are now compelled to pay 6-percent interest. What would the gentleman think of reducing the interest rate to those people in order to help them out financially?

Mr. GREENWOOD. It is only 3½ percent at the present time from R. F. C. to the banks.

Mr. FITZPATRICK. No. I referred to the people who borrowed from the closed banks. On this borrowed money they are paying 6-percent interest.

Mr. GREENWOOD. I shall be glad to see the gentleman's constituents or mine borrow money at the lowest possible rate of interest which they may secure. I agree with

the gentleman that interest rates might go down, but it has nothing to do with this bill.

Mr. FITZPATRICK. I am for the bill; but does not the gentleman think it would help out the financial condition of the country if we would lower the interest rate?

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I assume when the gentleman says that the Reconstruction Finance Corporation is a nonprofit corporation he means that whatever profit may be earned is turned into the United States Treasury or will be turned into the United States Treasury ultimately; therefore there will be no profit to a private individual?

Mr. GREENWOOD. That is right. All the stock of the R. F. C. is owned by the United States Government; so that any profits which may accrue by good management will, of course, accrue to all the people of the United States. The R. F. C. is an agency of the Federal Government.

Mr. CELLER. I understand that when the Treasury lends money to the R. F. C. it charges a rate of 2¾ percent?

Mr. GREENWOOD. The gentleman is correct.

Mr. CELLER. The average rate charged to the banks by the R. F. C. is 3½ percent?

Mr. GREENWOOD. Yes.

Mr. CELLER. That leaves only three-quarters of a percent margin or possible profit, out of which must be paid administration expenses and all possible losses that may result later on. So that if we superimpose upon this situation a tax by the States there will be a deficit?

Mr. GREENWOOD. Yes. There are municipal corporations which charge a tax rate of 4 percent. In some instances there is a State tax and a county tax. Now, if we are going to burden the R. F. C. with these various taxes, they will not be able to lend the money at 3½ percent.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Michigan?

Mr. BROWN of Michigan. May I say to the gentleman from New York that a member of the committee proposes to offer an amendment which meets with the approval of the R. F. C., which will clear up the situation regarding loans held by these banks, the reduction of those loans being the object in mind.

Mr. FITZPATRICK. I thank the gentleman.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. WHITE. The R. F. C. operates entirely on money that is secured through the proceeds of the sale of tax-exempt securities.

Mr. GREENWOOD. It obtains its money from the United States Treasury.

Mr. WHITE. Does the R. F. C. receive any money that does not come in that way?

Mr. GREENWOOD. It all comes from the United States Treasury, whatever the source may be.

Mr. WHITE. It is money received from the sale of tax-exempt securities.

Mr. GREENWOOD. And from other sources as well. It is not alone money from bonds that are issued but from general funds in the Treasury.

Mr. GRAY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GRAY of Pennsylvania. I should like for the gentleman to explain whether there is any difference in principle in these two situations. This is Federal money loaned to business institutions. They sell their stock to the R. F. C., and now you want to exempt this stock from taxation by the States.

Mr. GREENWOOD. That is right.

Mr. GRAY of Pennsylvania. Now, the Home Owners' Loan lends money on a home and takes a mortgage, but you do not ask to exempt such property covered by mortgage from local taxes.

Mr. GREENWOOD. I do not think the cases are at all analogous. One is real estate located in a community which is subject to all the privileges of the community, and is not property of the Government, but belongs to an individual. This bill does not prevent the State from levying a tax against the stock of the individual stockholders, and some of this stock is held by individuals and even at a higher rate of interest than the Government rate.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. Yes.

Mr. PATMAN. Is not the gentleman mistaken in saying that this will not prevent the State from levying a tax on the stockholders? That is just what the bill is intended to do in preventing the States from levying a tax on one of the stockholders.

Mr. GREENWOOD. Only the stock held by the Reconstruction Finance Corporation as a stockholder.

Mr. PATMAN. That is what I say. Therefore, this bill denies them the privilege of levying a tax on a stockholder, if that stockholder is the R. F. C.

Mr. GREENWOOD. Because that stockholder has come to the relief of that bank as a relief agency of the United States Government.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GOLDSBOROUGH. As a matter of fact, this is all stock owned by the Reconstruction Finance Corporation, which is really the Government, and is a loan to the bank.

Mr. GREENWOOD. At three and a half percent interest.

Mr. GOLDSBOROUGH. And for that reason it is not properly taxable anyhow in equity, and there is another thing involved. It is not taking anything from the community that is taxable, because the community never had this preferred stock prior to the purchase of it by the Reconstruction Finance Corporation, and therefore we are not taking anything away from the community.

Mr. GREENWOOD. That is true, and let me say further that while the preferred stock goes out to the Reconstruction Finance Corporation the same amount of money comes into that bank subject to local taxation.

Mr. CELLER. Mr. Speaker, will the gentleman yield for a brief question?

Mr. GREENWOOD. I yield.

Mr. CELLER. As I understand it, at the present time there is a discrimination in the sense that 17 States actually do not tax the preferred stock held by the R. F. C. The others do in some form. This bill would remove that discrimination and put all States upon a parity in the sense that no State would have the right to do that.

Mr. GREENWOOD. Yes.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Kentucky.

Mr. MAY. As I understand it, this bill is the result of the recent decision of the Supreme Court, which held that preferred stock owned by the Reconstruction Finance Corporation in banks, particularly one in Maryland, was subject to State taxation.

Mr. GREENWOOD. That is right.

Mr. MAY. Let me ask the gentleman if we are not getting on rather thin ice and treading upon dangerous ground to this extent. If we exempt the preferred stock held by the R. F. C. from State taxation, will not that immediately lead to a construction of this act or a ruling by the courts or the enactment of a supplemental act or an amendment of this act that will take out of taxation in the States all of the loans that the Reconstruction Finance Corporation has made to industrial concerns?

Mr. GREENWOOD. That does not follow at all, because Congress is in a position to handle that proposition. This is simply supplementing what was supposed to have been done in the original act. When the Reconstruction Finance Corporation was created by act of Congress, it made exempt from taxation all surplus reserves and capital, because it was

a non-profit-making corporation or agency of the Federal Government intended to extend relief. Now, the Supreme Court says we did not mention in that act preferred stock. We thought we made the language broad enough to exempt the R. F. C. from all State taxation, but we did not do that. The Supreme Court went back to a former statute, and under general law held that this preferred stock was taxable. Now we are correcting the act and doing what we supposed we had done in the enactment of the original act.

Mr. MAY. Then the original act does exempt all other assets of the R. F. C. from State taxation except preferred stocks in banks?

Mr. GREENWOOD. No; debentures and other securities of that sort not specifically mentioned are not exempt, but were intended to be exempt. This bill will cure the defect and make all holdings of R. F. C. exempt from taxation by the States.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. WHITE. Is it not a fact that when the R. F. C. was created it was authorized to issue bonds and sell them to raise money to operate on?

Mr. GREENWOOD. I cannot tell the gentleman about that. I know it gets its money from the United States Treasury.

Mr. WHITE. Does it not get its money from the United States Treasury from the sale of its own bonds?

Mr. GREENWOOD. It may be through the sale of its own bonds, but the United States Treasury owns the R. F. C., because all the stock is held by the United States.

Mr. WHITE. But it is a separate entity and sells its bonds to raise the money to operate on, and those bonds are tax-exempt.

Mr. GREENWOOD. That may be.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is this stock held by the R. F. C. as collateral or does it actually own the stock?

Mr. GREENWOOD. They own the stock and have paid the money into the bank for it.

Mr. O'MALLEY. They have bought the stock and paid the money to the banks?

Mr. GREENWOOD. Yes; but the banks are paying off these loans. They are given the privilege of paying this loan off as the situation clears up, and many of the banks have paid off all their loans as the stability of the bank is restored and liquid conditions are established. They are encouraged to pay them off.

Mr. O'MALLEY. In other words, as they pay off their loans they are in actuality buying back the stock?

Mr. GREENWOOD. That is right.

If it is not covered by collateral, I can see that it ought not to be taxed, but if it is you deprive the State of revenue. Mr. Chairman, I reserve the remainder of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the rule. In many ways I am glad the subject is before us. I think it is time Members of Congress begin to think of the wealth removed from taxation by tax-exempt securities. It is true this is a small matter as far as tax money is concerned—I believe it only represents taxes aggregating five and a half million dollars.

But we must keep in mind, as the Reconstruction Finance Corporation increases its holdings in banks, railroads, and insurance companies, the home-loan banks take title to hundreds of thousands of houses, the Farm Board acquires farms, the Resettlement Corporation forsakes property, a vast amount of property will become tax exempt if we continue this theory. These developments of recent days make the action we are to take today very important.

The gentleman from Illinois [Mr. KELLER] said yesterday we would soon tax the people with \$600 incomes. Because of the threat of burdensome taxes, we must stop and think about these tax-exempt securities.

Someone said this was money paid out to relieve distress. I agree to that; of course it was money to relieve distress.

All the money being expended to put the Government in business would qualify the same way. The home-owners' loans were distressed loans, and yet no one has come forward to have the interest reduced to 3½ percent.

Mr. ZIONCHECK. I have been advocating that right along.

Mr. MARTIN of Massachusetts. I meant to say no bill to give this relief has been reported to the House.

We must not forget, either, a good deal of this preferred stock is privately owned. Why should the Reconstruction Finance Corporation be relieved of the tax and the man who put his money in to help his community be assessed? This is not quite fair. If the Government needs more than 3½-percent interest to cover expenses, it is up to the Reconstruction Finance Corporation to secure a larger loan rate from the banks.

After all, the banks will, for the most part, eventually become liquid and could pay a reasonable rate of interest to the Government.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. ZIONCHECK. Does not the gentleman think as long as the Government, through the Reconstruction Finance Corporation, is interfering in private business it should be treated as a private institution dealing with private matters?

Mr. MARTIN of Massachusetts. I go further than the gentleman. I believe if the Government of the United States is to go into the field of business activities, then the Government must expect to be subject to all of the laws of the different States, including the law of taxation.

Mr. CELLER. Will the gentleman say that even when the banks are rescued, and therefore the depositors and the entire community where the bank is located is saved from the closing of that bank, that under those circumstances that rescue money should be taxed?

Mr. MARTIN of Massachusetts. We are not taxing the rescue money. The Government loaned the money to put the bank into a solvent condition, and when the bank gets into a solvent condition it should expect to pay adequate taxes or interest just as well as a home owner.

Mr. CELLER. This bill seeks to relieve an instrumentality of the Federal Government of the payment of taxes.

Mr. MARTIN of Massachusetts. It is trying to make the Reconstruction Finance Corporation able to make a better showing. If the Reconstruction Finance Corporation were fair to the taxpayers of the country, it would have secured an adequate interest when it loaned this money. Of course, if a bank could not pay at the time, they should have been tolerant, but when the bank is solvent, when there are surpluses in the bank, the Government should be adequately compensated.

Mr. PETTENGILL. And if this bill passes, will it not be the objective of the banks in the future to never retire their preferred stock and pay off the R. F. C., and thus keep the Government in the banking business in perpetuity?

Mr. MARTIN of Massachusetts. It might have that purpose. Private banks, like everyone else, want to get cheap money, and if they can get it from the Government, I do not blame them. I do not blame the bankers. Our responsibility is here to protect the Treasury of the United States and also to give protection to private industry in this country.

Mr. CELLER. The gentleman from Indiana [Mr. PETTENGILL] says that if we pass this bill the banks will have a tendency to have the Government hold these preferred stocks. That is not so. The Government can sell them. The R. F. C. does not have to hold them. It can put the stocks on the market and sell them at any time it wishes.

Mr. PETTENGILL. But who would buy them?

Mr. CHRISTIANSON. And does not the gentleman believe it would be a good thing if it did dispose of the preferred stock as soon as it could find private individuals to buy that stock?

Mr. CELLER. I think the Government will do that suitably. In the case of the Chase National Bank, that bank borrowed a large sum of money, and I believe if the Chase

National Bank refuses to pay back that money to the R. F. C. the R. F. C. should sell that preferred stock, if it can, and refuse to hold the preferred stock of the Chase National Bank.

Mr. ZIONCHECK. And does not the gentleman take the position that the Government should either get out of the banking business, or get into it wholly and nationalize the banks?

Mr. MARTIN of Massachusetts. I do not believe in the Government nationalizing the banks.

Mr. ZIONCHECK. I do; but I do not believe in going in there and bailing them out, taking all the responsibility, and letting the private bankers take the profits.

Mr. GRAY of Pennsylvania. Does the gentleman have any figures on how much stock is in the hands of the Reconstruction Finance Corporation and how many mortgages have been taken on home-loan property which the Government has at the present time?

Mr. MARTIN of Massachusetts. I am sorry to say I have no figures of that character. Within 5 years, if I do not miss my guess, every Member of Congress will find his local community aroused over Government tax exemption and will be emphasizing the need of doing something to prevent what we are asked to extend at the present time. The real question before us is this: We have been talking about tax-exempt securities; we have been lamenting the organization of the House will not permit legislation to come forward to remove some of these exemptions. Now we are asked to increase the money which escapes taxation. Any Member who believes in bringing back some of this wealth into taxation might very well vote against this measure.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. HEALEY. Does the gentleman believe that the object of this bill is to exempt the R. F. C. from State taxation, so that it can make the interest charge less to the banks?

Mr. MARTIN of Massachusetts. I would not want to say that. I want to be fair with the Corporation. I believe, however, they made these loans and that some of them are unwise, insofar as the rate of interest is concerned.

Mr. ZIONCHECK. What was the rate of interest?

Mr. MARTIN of Massachusetts. Three and a half percent.

Mr. FIESINGER. And as I understand the gentleman's position, he is against the bill, and believes that the preferred stock ought to be taxed in the hands of the Reconstruction Finance Corporation.

Mr. MARTIN of Massachusetts. Yes.

Mr. FIESINGER. And then they would charge a higher rate of interest to the bank, to absorb the tax, and the banks, in fact, would be the ones that would pay, and not the Reconstruction Finance Corporation.

Mr. MARTIN of Massachusetts. That is the way it should be done.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. MAY. As a matter of fact, when this preferred stock is made nontaxable it becomes more marketable. Then the R. F. C. may find it convenient to dispose of the entire holdings to the larger banks in the country, say to Wall Street banks, if you wish, and then they will own a club over the heads of the little banks in the country, and it might result ultimately in a large chain of large banks controlling all of the little banks.

Mr. MARTIN of Massachusetts. I do not know about that, but Senator COUZENS put a statement in the Record yesterday whereby one bank had the value of its shares raised from \$24 to over \$100 because the Government bought the preferred stock. That being the case, there is no reason in the world why a bank should not pay a higher rate of interest for the money that was borrowed.

Mr. SPENCE. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. SPENCE. The gentleman says this might be a refuge for those seeking tax-exempt investments.

Mr. MARTIN of Massachusetts. No. I did not make that statement.

Mr. SPENCE. I so understood the gentleman. I just want to call the attention of the House to the fact that if these securities are in the hands of private individuals they are not tax-exempt. They are only tax-exempt when held by the Government in an agency that is exercising a governmental function and is attempting to save the banks of the country.

Mr. MARTIN of Massachusetts. Well, does the gentleman think that is fair?

Mr. SPENCE. I think it is.

Mr. PETTENGILL. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. PETTENGILL. Is it possible that anybody would buy these preferred stocks at 3½ percent if they were to immediately become subject to taxation?

Mr. MARTIN of Massachusetts. The 3½ percent does not apply to the interest rate on the shares. That is the rate which the Government charges the banks for the money.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. FITZPATRICK. Would the gentleman favor an amendment that would lower the interest rates to the people who borrowed from the closed banks?

Mr. MARTIN of Massachusetts. I do not know that we could do anything of that character on a bill like this.

Mr. FITZPATRICK. I think it is proper to offer an amendment that they could only be charged a certain amount.

Mr. MARTIN of Massachusetts. Does the gentleman think it would be germane? We want to do everything in a parliamentary way.

Mr. FITZPATRICK. Well, that is something for the Speaker to decide.

Mr. MARTIN of Massachusetts. The gentleman brought up the question, and he must have given some thought to it, and he ought to be able to answer it.

Mr. FITZPATRICK. I am asking the gentleman if he would favor such a thing, to reduce the interest rate to the borrower from the banks.

Mr. MARTIN of Massachusetts. I do not know what the situation is, but I would be glad to give it consideration.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ZIONCHECK. The position of the gentleman from New York [Mr. FITZPATRICK] is absurd, to say that we could limit the amount that these banks could charge by way of interest to the borrowers, unless it referred to future loans. It could not refer to past loans.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the balance of my time.

Mr. GREENWOOD. Mr. Speaker, I yield 9 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker and Members of the House, I think we all understand that this bill proposes to remove from taxation the stock held by the Reconstruction Finance Corporation in the national banks. That is what this bill provides. There is not any question but what we all agree to this proposition, that if it were not for the fact that the Congress, by section 5219, permitted State legislatures to impose a tax upon all national-bank stock, this stock would not be subject to taxation. There is not any question about that. The decision which was recently rendered by the Supreme Court assumed that the Reconstruction Finance Corporation is an instrumentality and agency of the Government, and therefore, not subject to taxation. It is because of the waiver of immunity which we granted in the section of the National Bank Act that this preferred stock owned by R. F. C. is subject to taxation at all. This bill simply seeks to remove that privilege or that license which has been granted to the States. The attorneys general of practically all of the States of the country and some of the district courts have assumed that the original act, which created the Reconstruction Finance Corporation, intended to have its property exempt from taxation. On that theory the Reconstruction Finance Corporation has carried on, and has re-

duced the interest on the preferred stock to the banks of this country to 3½ percent. If we permit the States to tax these preferred stocks, what will it mean? I would like to introduce a statement showing as nearly as can be ascertained the various tax rates throughout this country on bank stocks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. WILLIAMS. This statement shows that the tax rate on national-bank stock varies from two-tenths of 1 percent to over 10 percent in the various States.

Mr. ZIONCHECK. Will the gentleman yield for a question right there?

Mr. WILLIAMS. I yield.

Mr. ZIONCHECK. Why is it that you loan to the banks at 3½ percent, and when you come to the farmers and others it is 5½ percent or better?

Mr. WILLIAMS. You are loaning now at 3½ percent to the farmers, as far as that is concerned; but I do not propose to be diverted from a discussion of this bill. The Reconstruction Finance Corporation came in as an emergency measure. All of the banks of this country that were in distress appealed to that institution. The corporation did not go into the various localities and communities of this country and say, "Here we are ready to loan you money." It was upon the appeal that was made by stockholders and officers and depositors of banks in every congressional district throughout this country. It was necessary for the Reconstruction Finance Corporation to come to the aid of the banks and in order to permit them to carry on, reduced this rate to 3½-percent interest. Now, if we are going to permit the taxation of these securities, as will be shown by the list which I have asked permission to introduce, that rate will range as high as 10 percent in some of the States in this country. In my own State over 3 percent, which would absolutely tax out of existence the Reconstruction Finance Corporation.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. ZIONCHECK. What agency gives the farmers money at 3½-percent interest?

Mr. WILLIAMS. I am not going to discuss that question now. There is no question but what the farmer, on Federal land-bank loans, is getting money at 3½-percent interest. If the gentleman does not know that, he is sadly behind with the legislation that has been enacted here.

Mr. ZIONCHECK. Well, I do not represent a farmer district.

Mr. WILLIAMS. There is not any question about that.

But there is another proposition. There are \$860,000,000, in round numbers, involved in this legislation so far as taxation is concerned. Half of that is invested in capital notes and debentures of State banks.

I want you to think about this: Half of that money is invested in capital notes and debentures of State banks. I want to know now if there is a man on this floor who believes that this investment is subject to taxation by the States? This is property owned by the Reconstruction Finance Corporation as an agency and instrumentality of government, and beyond any question it is not subject to taxation. This represents the investment of the Reconstruction Finance Corporation in the State banks of this country. You cannot reach that, yet opponents of this legislation propose to tax the preferred stock in national banks held by the Reconstruction Finance Corporation. There is not any more unjust discrimination imaginable than that. You cannot exempt—this legislation does not propose to exempt—it is not necessary to exempt those capital notes and debentures from taxation, because the State cannot tax them; yet you would have the preferred stock in the national banks subject to taxation.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. PIERCE. Cannot the gentleman see the danger of piling up this vast quantity of tax-exempt securities and property? Many a government has fallen on this rock.

Mr. WILLIAMS. No; I cannot at all, I may say to the gentleman from Oregon. I am not one of those who believes in submitting the national securities and the national property to taxation by the various State agencies and municipalities, the school districts, the road districts, the drainage districts, and every other subdivision of a State. If you do that you are going to tax out of existence national securities and absolutely cripple and destroy the national credit of this country. If you are going to open and throw down the bars to local taxation of national securities and property, then, in my judgment, you absolutely cripple and destroy national credit and national security.

Mr. PIERCE. Mr. Speaker, will the gentleman yield further?

Mr. WILLIAMS. I yield.

Mr. PIERCE. Can the gentleman see any justice in the Federal Government going into counties and other subdivisions of State governments and buying half the land for forests and duck nests as they have done in my State?

Mr. WILLIAMS. Yes.

Mr. PIERCE. Taking large percentages of counties, exempting them, and ruining school districts?

Mr. WILLIAMS. I can justify it. They are doing it in my State. I can justify it, because the ultimate income to the counties will be infinitely more than they are receiving now.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

BANKERS' BONUS BILL

Mr. PATMAN. Mr. Speaker, this bill will take off the tax rolls of the cities, the counties, and the States at least \$229,000,000 of property that would otherwise be taxable and would otherwise be on the tax roll. I hope the Members have read my full statement appearing in the RECORD, on page 2339, my remarks of February 18, 1936.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. GOLDSBOROUGH. I may say that it will not take one single, solitary copper cent, and I will show that in my statement.

Mr. PATMAN. I may state to the gentleman that the Reconstruction Finance Corporation says it will. If the gentleman will examine my remarks of February 18 appearing at page 2339 of the CONGRESSIONAL RECORD he will find information furnished me by an official of the Reconstruction Finance Corporation. This statement also discloses the many benefits now received by the banks of the Nation.

Mr. GOLDSBOROUGH. I shall endeavor to show the facts when I make my statement.

Mr. PATMAN. There is no question about it in my mind. If this statement is not correct, the chairman of this committee can get a correct statement from the Reconstruction Finance Corporation. Why does he not? The truth of it is it will take property from the tax rolls or this bill would not be necessary. Why are you coming here asking for this exemption if it does not take any property from the tax rolls?

I cannot see any occasion for this if the chairman is right. The truth about the business is, Mr. Speaker, that this is a bad precedent. It is the first time Congress has ever been called upon to vote singly and alone for or against this bad precedent. It is a bad precedent.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield to the gentleman; I have only 5 minutes.

Mr. Speaker, let us see what this will do. In the first place, the national banks sell their stock to the Reconstruction Finance Corporation. Let us say the bank is capitalized for \$500,000. It sells half the stock to the Reconstruction Finance Corporation and pays 3½ percent where formerly it was paying a 10-percent dividend on it. Thus on this stock, on this one transaction, it is saving \$16,250 a year. The other holders

of preferred stock must pay taxes, but not the Reconstruction Finance Corporation.

Who is helped by this legislation? I will tell you who is helped, the banks are helped. Are they in the class with the needy and the helpless? Are they on direct relief? Are they in the position where we must take Government funds and dole them out to the banks to help them? If so, I am one Member of this House who would like to know the names of such banks, and I would like to know how much these banks are going to get, and I would like to know how worthy and deserving these banks are. This information is available and I wish the chairman of the Committee on Banking and Currency would put it in the CONGRESSIONAL RECORD tonight. I wish he would show the names of the banks, and show even the salaries received by some of the officials of these banks that are getting this direct relief, Government dole, benefit, subsidy, or whatever you want to call it. Put this information in the RECORD, let us see who is going to get it, let us see how deserving they are, let us see whether or not we should take this local property from the local tax rolls.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Briefly.

Mr. SPENCE. Did I understand the gentleman to say that these banks had been compelled to reduce their common stock?

Mr. PATMAN. I did not mention common stock, I may say to the gentleman.

Mr. Speaker, here is the situation: If you had a hundred acres of land in a State and the R. F. C. owned half of that land, and a bill were to be introduced which would make the R. F. C. half of the land tax exempt but would cause you to pay taxes on yours, would that be right? It would not be right. Suppose a Federal land bank holds a lien equal to half the value of your farm land. The Federal land bank is charging you 3½-percent interest. In order to put you in the same position that you will place the bank if you pass this bill, you would exempt that farm from half its taxes. I think the bill ought to be defeated.

[Here the gavel fell.]

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. ZIONCHECK) there were—ayes 69, noes 52.

So the resolution was agreed to.

Mr. GOLDSBOROUGH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11047) relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation, and reaffirming their immunity.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11047, with Mr. THOMASON in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. HOLLISTER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, there are a number of misconceptions with respect to this bill. I shall try to touch on them briefly.

In the first place, it is stated that the exemption of the stock of national banks held by the R. F. C. is an entering wedge toward the exemption of additional property which would otherwise be taxable by the States or by the local communities. It should be pointed out that there is no analogy between the taxation of property of this kind, as held by the R. F. C., and taxation, we shall say, of the various properties which are held by the Home Owners' Loan Corporation, or properties which, perhaps, the Resettlement Administration may have bought to organize some of their so-called satellite cities. In every case of that kind where an instrumentality of the Government or a branch of the Government or some subsidiary corporation of the Government acquires real estate, if it should be exempted from

taxation, there is, of course, taken from the tax list property which was taxed prior to that time.

In every case where the stock in national banks is acquired by the Reconstruction Finance Corporation through the money which the Corporation has put into these banks there is created new property which was not prior to that time subject to taxation. This is a very essential difference. In other words, there is no inroad here on the revenue of the community. This bill merely provides that when the Reconstruction Finance Corporation, which is doing a rescue mission with banks, railroads, insurance companies and other organizations, puts money into these banks it shall not be taxable. True, there has been property added which might otherwise be taxable in the community, but this law will not remove from the tax list any property which previous to that time was taxable.

Let me point this out, too: The Reconstruction Finance Corporation's ownings of stock in railroads, in insurance companies, or in other corporations in which it may have invested are nontaxable, because, of course, they are personal property held outside the various States where they may have been bought. They are held at the headquarters of the Reconstruction Finance Corporation. Therefore, the money that the Reconstruction Finance Corporation can put into organizations of that kind can be on a lower rate. Yet when it comes to the placing of money in bank stocks, because of the peculiarity of the laws taxing bank stocks throughout the country, unless this law is passed, such money would be subject to taxation.

So this bill really accomplishes an equality in the rescue mission which the Reconstruction Finance Corporation can put on.

Let me point this out, too: The purpose, of course, of a tax is to raise money to be spent in the State or the community where it is raised. The purpose of the Reconstruction Finance Corporation in acquiring stock in banks is for the benefit of the community where the bank is situated. So this very money which is going to benefit the particular community might very properly, as a matter of principle, be exempted from taxation in the community which is benefited.

Mr. PETTENGILL. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. PETTENGILL. Is it the gentleman's judgment, or is it not, that if this bill becomes a law it will encourage the banks not to retire the preferred stock in the Reconstruction Finance Corporation but lead to the Government in banking?

Mr. HOLLISTER. I doubt that very much.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. Let me answer that question. From what I have been able to judge, the banks are anxious to retire the preferred stock in the Reconstruction Finance Corporation. It is true that if the bank has preferred stock on which it is paying 5- or 6-percent interest and preferred stock on which it is paying 3- or 4-percent interest, they would retire first the stock on which they are paying the higher interest.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CELLER. I will say that every agreement that the Reconstruction Finance Corporation has made for the purchase of preferred stock carries a clause that the bank must retire the preferred stock at not less an amount than 5 percent. This would retire the preferred stock in 20 years. In addition, all dividends above 3½ percent is required to be put in a fund to be used to accelerate retirement of the preferred stock.

Mr. ANDRESEN. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. ANDRESEN. Can the gentleman give us the information as to how it will affect the small banks? For illustration, here is a bank with \$200,000 capital. It pays no dividends. It has been prevailed upon to take half of its capital stock in preferred stock of the R. F. C. Therefore

they acquire \$100,000 in money or stock. What will be the effect on that institution if this bill goes through?

Mr. HOLLISTER. I do not quite understand the gentleman's question. There is no case where there was any exchange. The only reason the R. F. C. put money in any bank is because the capital of the bank was insufficient, and the neighborhood was not able to raise money enough to increase it.

Mr. ANDRESEN. A good many banks were compelled to subscribe for stock in the R. F. C.

Mr. HOLLISTER. That is correct, but that was because the banking authorities thought the capital stock insufficient.

Mr. ANDRESEN. No; it was not, because they had sufficient money and sufficient capital.

Mr. HOLLISTER. I must beg to differ with the gentleman. The banking authorities have no right to compel a bank to go out and get additional capital.

Mr. ANDRESEN. They were good sports.

Mr. HOLLISTER. They could not compel them. In some communities, in order that certain banks may not appear to be weaker than so-called stronger banks, the request was made that the stronger banks take preferred stock, and in almost every case these so-called stronger banks have paid it back. In a great many cases where the general advertisement was given out by the stronger banks that they did not want that stock, as a matter of fact they really did.

Mr. ANDRESEN. They had no outlet for their money whatsoever except in Government securities, and when they took this amount of stock the R. F. C. took half the stock and they took the right to come in and control that bank and run the bank if the local officers did not cooperate.

Mr. HOLLISTER. The ownership of stock gives that right to some extent.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. CRAWFORD. If this law is not passed, will the R. F. C. be forced to pay these taxes out of their own funds?

Mr. HOLLISTER. Yes.

Mr. CRAWFORD. One other question.

Mr. HOLLISTER. That is my understanding. If the gentleman thinks the law is not accurate in that respect, he should clarify it, because my understanding is that this is to cover the situation where, if it is not passed, the R. F. C. would have to pay the taxes itself.

Mr. LAMBETH. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. LAMBETH. Confirming the answer the gentleman from Ohio [Mr. HOLLISTER] gave to the gentleman from Minnesota [Mr. ANDRESEN], it is a matter of my personal knowledge that in the State of North Carolina not only was there no compulsion by the R. F. C. to force banks to sell preferred stock but in some cases that I know of they were not even circularized or requested to sell their preferred stock to the R. F. C.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. GRISWOLD. I understood the gentleman to say that this bill would equalize the banks with the railroads and the insurance companies, to which money was loaned by the Reconstruction Finance Corporation.

Mr. HOLLISTER. To some extent. I do not know the exact rates on which the different loans were made. Some were made at a little higher rate than others.

Mr. GRISWOLD. The gentleman said, for instance, that the railroads did not pay the taxes back in the States.

Mr. HOLLISTER. No; I did not. I said the stock in the railroads when held by the R. F. C. was not taxable.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HOLLISTER. Mr. Chairman, I yield myself 10 minutes additional.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. SNELL. As a practical proposition, just how are these taxes levied at the present time, and who is paying them?

Mr. HOLLISTER. I could not in several hours give the gentleman a complete description of all of the different tax laws. There are about 30 States that have tax laws which would be covered by this. In those cases the tax is levied by the State against the bank, and the bank has the right to pass it on to the stockholder, deducting it from the dividend that the bank pays. Therefore, when the Reconstruction Finance Corporation holds a 3½-percent preferred stock, and there is, we will say, a 1-percent tax on the par value of the stock levied by the State, the Reconstruction Finance Corporation nets only 2½ percent, and if, in turn, it has borrowed from the Treasury at 2½ percent, it has nothing on which it can operate and therefore runs behind to the extent of the operation cost.

Mr. SNELL. And where they get 5-percent preferred stock, why should it not pay the tax upon it?

Mr. HOLLISTER. As far as I know, they do not own any 5-percent stock.

Mr. SNELL. There is some in my own community.

Mr. HOLLISTER. I think if the gentleman will check up he will find that all of these rates have been dropped down. I think in all cases they are 3½ percent.

Mr. SNELL. Why should there be any difference between the preferred stock owned by the R. F. C. and the local people who were forced to take that stock?

Mr. HOLLISTER. It is just a question of what is meant by the word "forced." My understanding of the operation of the R. F. C. in helping out the banks is that it merely stepped in when the resources of the community were insufficient to carry on. It went to help out the community and keep its banks open. That is the general rule. There may have been exceptions.

Mr. SNELL. But they took 50 percent of the stock and the community took 50 percent of the stock. I do not see why they should not pay their tax the same as the individuals.

Mr. HOLLISTER. The gentleman realizes, of course, that the Congress could not exempt an individual bank-stock holder, except perhaps another national bank. It is true the Congress could exempt the stock of all national banks, if it cared to do so, from taxation.

Mr. SNELL. Of course it could; but I would not be in favor of that.

Mr. HOLLISTER. In this case we are exempting the Reconstruction Finance Corporation because of the fact that we want to put Federal money in there as cheaply as we can.

Mr. SNELL. I do not want to do anything that is going to encourage them to keep their control over the banks of the country.

Mr. HOLLISTER. I agree with the gentleman fully. I do not, either.

Mr. SNELL. I think if we pass this law it might encourage them to keep in there and keep control of the bank stock.

Mr. HOLLISTER. Except that the banks may always pay up this stock. There is no way by which the Reconstruction Finance Corporation can compel them to keep the stock if they want to pay for it.

Mr. SNELL. There seems to be some difference of opinion on that. A great many people tell me they want to retire this stock and they are not allowed to do so.

Mr. HOLLISTER. But it is not the Reconstruction Finance Corporation that does not allow them to do it. It is the bank examiner that does not allow it.

Mr. SNELL. But they are pretty close together and working in unity in most cases, I think.

Mr. DONDERO. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from Michigan.

Mr. DONDERO. A reading of the bill indicates that no part of this preferred stock ever gets into the hands of the individual. It is always owned by the Government.

Mr. HOLLISTER. If it gets into the hands of an individual, it immediately becomes taxable. It is true the Reconstruction Finance Corporation may sell it to individuals, but it immediately becomes taxable if it does.

Mr. DONDERO. If that is so, the preferred stock which the Reconstruction Finance Corporation takes in a bank is virtually a loan to that community, is it not?

Mr. HOLLISTER. It is practically what it comes to.

Mr. CRAWFORD. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CRAWFORD. In the light of what the gentleman said to our distinguished minority leader, is there anything in the machinery at the present time whereby the Reconstruction Finance Corporation can force the banks to pay these taxes and thus not pass them on to the Reconstruction Finance Corporation? In other words, if a State assesses a bank and the bank in turn withholds from the stockholder, will the banks have to pay this under that kind of a program?

Mr. HOLLISTER. If the banks pay the tax and then have the right to deduct it from the income, and just deduct it, what can the Reconstruction Finance Corporation do?

Mr. CRAWFORD. I am asking for information. I thought perhaps the gentleman could give us an answer.

Mr. HOLLISTER. I do not see how the Reconstruction Finance Corporation can do anything about it.

Mr. CELLER. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CELLER. Even if the Reconstruction Finance Corporation could do that—that is, force a bank to pay that tax which it is supposed to pay on the preferred stock—what does the gentleman think the common-stock holders are going to say? They will preclude them from doing it, will they not? Their dividends and income would be thus reduced.

Mr. CRAWFORD. If I might add this, at the present time in a number of banks, some that I know intimately, the common-stock holder is not receiving any dividend at all, because the earnings are going to the payment of dividends on preferred stock and the creation of this fund with which to retire the preferred stock.

Mr. CELLER. The amount is very small. It is only 3½ percent.

Mr. CRAWFORD. That is true; but the preferred-stock holder gets first call, and if the earnings are only 4 percent on the total, the preferred-stock holder gets 3½ percent first.

Mr. CELLER. But if it were not for the money put in by the Reconstruction Finance Corporation, the common-stock holders would have had nothing in the first instance. This is rescue money.

Mr. CRAWFORD. But this is a new bank I am speaking of.

Mr. HOLLISTER. Mr. Chairman, before closing, I want to make one more observation. This discussion of tax-exempt securities and the likening of this kind of stock to tax-exempt securities is entirely beside the question. This is nothing like the sale of tax-exempt securities by the Government to private individuals. There is no analogy between the two. All the argument against the sale of additional tax-exempt securities falls with respect to these particular stocks.

I yield back the balance of my time.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

WHO WILL GET THE MONEY

Mr. PATMAN. Mr. Chairman, before my time commences I would like to ask unanimous consent that I may extend my own remarks and include therein the names of all banks that will be affected by this legislation, and the salaries of all officials, directors, and officers; the amount of dividends that have been paid since this stock was purchased by the Reconstruction Finance Corporation; and the value of the assets of the bank at the time of the purchase as compared with now.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

NO ATTACK ON R. F. C.

Mr. PATMAN. Mr. Chairman, I appreciate the fact that the officials of the Reconstruction Finance Corporation dislike very much to pay this money to the localities.

This is not an attack by me on the Reconstruction Finance Corporation. There is nothing personal in it. It is just a question of a precedent that I am not willing to establish with my vote. I realize that the Chairman of the Reconstruction Finance Corporation, Mr. Jesse Jones, has done a big job in a big way. I commend him for his efforts and what he has done. There is nothing personal in what I say in any way, but at the same time I do not care how much I think of Mr. Jones and the other directors of the Reconstruction Finance Corporation, I am not going to vote for the precedent that is contained in this bill. I think it is bad. I think it is a long step in the wrong direction. I think it is adding to instead of diminishing the amount of tax-exempt securities in this country, and for that reason I am not willing to go along. [Applause.]

WILL WASHINGTON DETERMINE LOCAL TAXABLE PROPERTY?

Furthermore, if you vote for this bill, you are in effect saying to your city tax assessor: "Now, you have on the tax rolls in this city \$1,000,000 of national-bank stock that I am going to prevent you from assessing. I am going to prevent you from collecting taxes on. By my vote for a bill that becomes a national law, I am going to prevent you from taxing that local property." You will say by your vote the same thing to your county tax assessor, to your State tax assessor, and to your county and State collectors. In other words, you will say that you are determining from Washington the property in that locality that will be required to bear its share and burden of taxation and the property that will not be required to carry its fair share. You are saying by your vote in the case of a State bank on one side of the street and a national bank on the other side of the street this: "The R. F. C. has purchased notes and debentures from the State bank to the extent of \$1,000,000 and the State bank will continue to pay taxes as it has always paid without any reduction whatsoever; but the national bank across the street which sells \$1,000,000 of its stock to the R. F. C. will be exempt from taxation to that extent."

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. WILLIAMS. Does the gentleman contend that the State would have the authority under the law as it exists now to tax capital stock and debentures issued by State banks?

Mr. PATMAN. No. They have the right to tax the capital stock of banks, but not the debentures and notes.

Mr. WILLIAMS. They would not have that right.

Mr. PATMAN. The gentleman is correct.

Mr. WILLIAMS. We propose in this bill to place State banks on an exact equality with national banks so far as preferred stock is concerned—remove that from taxation.

Mr. PATMAN. Let us see if this is a correct statement—I will ask the chairman of the committee to verify this: When a State bank sells to the R. F. C. its note for \$1,000,000 the R. F. C. does not pay any tax on this note, and the bank does not pay any tax on the note; but the bank continues to pay on its capital stock as before in 31 States of this Union. All right; the national bank just across the street from the State bank sells the R. F. C. \$1,000,000 of stock. You are asking us to vote for a bill that will give them a special favor and special privilege, that will give them tax exemption to the amount of \$1,000,000; and the bank across the street will not get it.

You are asking us to vote for a bill that puts holders of locally owned preferred stock in a different category. You want us to vote for a bill that will exempt the R. F. C. paying taxes on the preferred stock it owns. You are asking us to vote for a bill to make the local holders and owners of the preferred stock pay taxes as usual. Is not this right?

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. If it is not right, I wish the gentleman would explain it.

Mr. GOLDSBOROUGH. If this bill is passed, then the national banks and the State banks all will have exactly the same relationship to the Reconstruction Finance Corporation.

Mr. PATMAN. Is not this a correct statement? I want to ask the gentleman if I did not make a correct statement

awhile ago when I said that if a State bank sells its \$1,000,000 note to the R. F. C. and gets \$1,000,000 on that note, the State bank does not pay any taxes on the note; the Reconstruction Finance Corporation does not pay any taxes on the note; but the bank pays taxes to the city, county, State, and all other political subdivisions as heretofore. That is right, is it not?

Mr. GOLDSBOROUGH. Not on that loan.

Mr. PATMAN. Oh, listen, now; do not try to confuse the issue. Let us drive down one peg at a time. Am I correct in that statement, or am I wrong; and if I am wrong will the gentleman point wherein I am wrong?

Mr. GOLDSBOROUGH. The gentleman's statement was incorrect in that he said they would have to pay taxes just as they always did.

Mr. PATMAN. On their capital stock.

Mr. GOLDSBOROUGH. I say the same thing.

Mr. PATMAN. All right; we agree, then, do we not?

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. Yes; we do.

Mr. GOLDSBOROUGH. If the gentleman will not hear me through, I cannot answer him.

Mr. PATMAN. They pay taxes just the same on their capital stock, therefore—

Mr. GOLDSBOROUGH. No.

Mr. PATMAN. All right; go ahead.

Mr. GOLDSBOROUGH. The gentleman said, or intimated—he did not say it, he intimated it—that they would have to pay taxes on this \$1,000,000 loan they received from the R. F. C.

Mr. PATMAN. Oh, no; I did not intimate that.

Mr. GOLDSBOROUGH. Oh, yes; the gentleman did.

Mr. PATMAN. I said just the reverse of that was true.

Mr. GOLDSBOROUGH. This bill will put the State banks and the national banks in exactly the same position insofar as their relationship to the Reconstruction Finance Corporation is concerned.

Mr. PATMAN. They say that the State banks would continue to have to make up their fair share and burden of taxation in city, county, State, road, and school districts, but the national banks would not.

The State bank would have to pay more in order to make up for the tax exemption of his competitor across the street.

Mr. GOLDSBOROUGH. That is absolutely incorrect, because just as the national bank would not pay a tax on the preferred stock so the State bank would not pay a tax on the money received from capital notes and debentures.

Mr. PATMAN. It will be a great day in his life, I will say to the gentleman, if this bill is defeated. It is going to be very embarrassing for the Members who vote for the legislation to see a list of the banks that get the benefit. We will then determine whether or not they should be on a Government dole or whether they are entitled to an additional bonus. We will find out how much they are paying in salaries and how much they are paying in dividends. I venture to say it is going to be embarrassing to Members who cast their votes in favor of exempting this property from local taxation.

Mr. WILLIAMS. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. WILLIAMS. I notice the gentleman, in connection with a number of his statements, said that this bill will remove private property from local taxation. I would like him to point that out.

Mr. PATMAN. These banks belong to private individuals. They are private property, privately owned, and privately operated for private profit.

Mr. WILLIAMS. Let me finish the question. This bill is designed to remove taxation only from the preferred stock held by the Reconstruction Finance Corporation, which the gentleman must admit is public property.

Mr. PATMAN. The gentleman is just playing with words. He is trying to cover it up and make it look good, but it is going to look bad from here on out.

Mr. CELLER. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. CELLER. Under the present situation, as I understand it, the preferred stock held by the Reconstruction Finance Corporation in State banks is not taxable, but the preferred stock held by the Reconstruction Finance Corporation in national banks is taxable?

Mr. PATMAN. It is taxable. The capital stock of banks is taxable in the State in which I live and in 30 other States of the American Union.

Mr. CELLER. But there are other States.

Mr. WOOD. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman for a short question.

Mr. WOOD. If a national bank has a capital stock of \$500,000 and they sell \$250,000 to the Reconstruction Finance Corporation, then they only pay taxes on \$250,000 of capital stock?

Mr. PATMAN. Yes; and that is what happened in my home town. I wrote to Mr. Jones about that matter. I get the gentleman's point, and we are agreed on that. That is what happened in my home town. The bank there had a capitalization of \$500,000, and last year when the assessor came around the bank said: "We are not going to pay taxes. The Reconstruction Finance Corporation owns half of our stock, \$250,000, and our real estate amounts to \$250,000. Under the Texas law you deduct the value of real estate from the capital stock in determining the amount of taxes. Therefore we will not pay one penny of taxes."

Mr. WOOD. A State bank could not do that?

Mr. PATMAN. A State bank could not do that. Mr. Chairman, this is a 50-percent tax reduction bill for many of the banks in this Nation.

Mr. REILLY. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Texas.

Mr. REILLY. Would your banks be paying a tax today if the Government had not gone in and saved them?

Mr. PATMAN. They certainly would, just like the rest of them. If any were to be saved ours were to be saved, too. We cannot pick out certain banks to save by use of Government credit.

"PORK BARREL" BILL

We are doing a lot for the banks. If any bank needs this money, let them come in here and ask for it. Are we going to pass a "pork barrel" bill, and that is what this is? This bill contains the claims of thousands of banks all over the Nation, all put into one appropriation bill. If we were handling this legislation in the same way we handle private claims, there would be 4,000 or more private bills here for consideration. The merits of each bill would be gone into. But we are not doing that here. We are putting them all together, with the admission that some of the banks are paying high salaries and not using the money as they should use it, maybe paying dividends in other cases, with assets increased 100 percent over what they were in 1933 in some cases. Yet you want to continue to help them. You want to continue to let them have the money for 3½ percent. You want to continue to exempt their property from local taxation. If they need help let us give it to them, but if they do not need it let us not give it to them. Let us not pass a "pork barrel" bill giving the banks or any other class or group in America this consideration.

In conclusion, Mr. Chairman, let me tell you about some of the benefits which the banks are receiving today. A charter is worth something. They can lend \$10 to every \$1 they have in their possession. If they need extra Government help, we have a Government printing office down here that will print money if they need it and deliver it to them. Take the case of the deposits. There were \$339,000,000 put up to insure the deposits. The banks only put up \$39,000,000 while the people contributed the other \$300,000,000. That is doing something for the banks. Not only that, but they have been loaded down with Government securities, and as long as you treat them as nice as you are attempting to do here, as long as you permit them to buy tax-exempt Government bonds and pay no taxes, and at the same time receive interest from the Government, you are creating an incentive for them to continue in this kind of business and not extend legitimate commercial loans to industry and agriculture.

Mr. McFARLANE. Will the gentleman yield?

Mr. PATMAN. I yield to my colleague from Texas.

Mr. McFARLANE. The interest they receive on these tax-exempt securities is also tax exempt, and there is that further loophole in the revenue law.

Mr. PATMAN. There is a total amount of exempt bonds of \$55,000,000,000. This includes Government bonds, State, National, and municipal bonds. They are either partly or wholly exempt from taxation.

What does that mean? It means, if it continues, Mr. Chairman, we will soon arrive at a time when a few people will own the wealth of this Nation. They will not pay taxes at any time, and the other people will have to pay taxes upon what they own and upon what they consume in order to meet the taxes of the different governments. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, I rise in opposition to this measure, which proposes to exempt the R. F. C. from paying any tax on its preferred bank stock, not so much because of the amount of taxes involved but because of the principle involved and the precedent we may establish by this action. The sum, however, is considerable—about \$5,000,000.

I agree with the gentleman from Massachusetts that perhaps in less than 5 years there will be debated seriously in this House, in my opinion, the question of requiring the Federal Government to pay taxes on property and business which have been projected into active industry in competition with the citizens of this country.

The big use for taxes in your States and in your counties and in your cities and towns and school districts is to raise revenue to support your schools, your city government, and your county and State governments. In most of them, bonds have been voted, running over a period of 10 to 30 years. Now, the thing that is happening throughout this land of ours is that the Federal Government has gone into many of the counties of this country and has acquired large tracts of land and has set up extensive and valuable business operations.

Why in some counties of my district recently the Government has taken over seven-tenths of the acreage in the counties. All of this property will be taken out of taxation, and the burden of the bonds voted for the schools and to build highways will fall upon the other three-tenths of the taxpayers in these counties, and these counties with only three-tenths of the property paying taxes, how can they maintain the schools, the highways, and the other units of government?

We seem to be deeply concerned here today about the R. F. C. paying some taxes. Do not forget that to the extent you take the taxes off of the R. F. C. you put additional taxes upon the widow, the little home owner, and the farmer with his tax burden already too heavy to bear.

This is the question that is confronting the House today. There is too much of a disposition on the part of the Government to get into every sort of business. Down in the great Tennessee Valley the Government is buying up almost entire counties, putting in a great business operation, and where are the people whose lands are still there going to get hold of the money to carry on their government?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to my friend from Kentucky.

Mr. MAY. I was interested in inquiring of my colleague about his statement that in one or more counties of his district the Government had taken over nine-tenths of the area of the county. Can the gentleman give me the name of the county in which that was done and tell me what they are going to do for taxes hereafter?

Mr. ROBSION of Kentucky. I do not know that all the details have been completed but, as I understand, the county of McCreary finds itself in that situation, and the officers of that county are very much in distress in trying to find a solution of the identical question that my friend from Kentucky has propounded. How are they going to maintain their schools and their highways and other units of gov-

ernment with your Uncle Sam stepping in and taking over nearly all the property?

However, what is true in that county is also true in some other counties. In the counties of Jackson and Clay and Laurel, perhaps nearly half or more of the area of these counties is being absorbed by the Federal Government, and what is true of my district in Kentucky you will find applies to one or more counties in practically every one of your districts. So there has already been formed in this country an organization to deal with this identical problem, and they are becoming active.

This measure discriminates. If any citizen owns any stock in a bank, that stock is subject to school, city, county, and State taxes, in most States. This measure proposes to exempt the R. F. C. from paying any school, city, county, or State taxes on preferred stock that it owns in any bank. Its dividends or interest is already guaranteed. It has preference on the earnings of the bank. The other stockholders of the bank do not have preference on the earnings, and they are required to pay taxes on their stock. To exempt the R. F. C. is to grant to it the worst sort of discrimination.

This administration must learn one of these days that money does not grow on bushes. It comes from the pockets of the taxpayers of this country. Now they propose to relieve this powerful, rich concern from the payment of taxes and by that act the citizens of each community, city, town, and State must have their taxes increased and carry this burden of the R. F. C. It is unjust, unfair, and I am glad to have an opportunity to speak against this bill and to vote against it.

I trust that we may have an opportunity one of these days to consider a measure that will take away the exemption of the thirty-odd billion dollars of tax-exempt securities.

I yield to my colleague.

Mr. MAY. Does the gentleman know whether or not these areas that he speaks of are taken for national parks or for the Resettlement Administration?

Mr. ROBSION of Kentucky. The large part of it is for some sort of forest reserve, but for whatever purpose it is taken it goes out of taxation and carrying its share of the burdens, and the people are moving away to some other section. Who is going to pay the bonds and meet the other obligations that were created to build the highways and bridges in those sections?

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to the gentleman.

Mr. TAYLOR of Tennessee. The acquisition of land in the vicinity of the Norris Dam has taken 45 percent of the taxable lands. The other 55 percent will be placed upon land in the other parts of the county.

Mr. MAY. Will the gentleman allow me one further observation?

Mr. ROBSION of Kentucky. I yield.

Mr. MAY. I would like to make this statement, that the State of Tennessee, by section 13 of the T. V. A., will receive 5 percent of the gross receipts.

Mr. TAYLOR of Tennessee. The State of Tennessee has never received one penny on that account.

Mr. ROBSION of Kentucky. We have been hearing eloquent complaints, loud and long, against tax-exempt securities. Some day we must take hold of that problem in earnest, because it encourages men and women with money to take their money out of productive industry, take it away from the tax burden, and get under the National Government, get the benefit of the Government without contributing to its support.

This is another attempt to place other tax-exempt securities—as you might call them—out of the reach of taxation and cast the burden upon the people, the poor persons who are least able to bear the taxes.

If the Government is going into business, if it is going to be in the banking business, let the Government be put upon the same equality as the citizens of this country. [Applause.]

Mr. GIFFORD. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. GIFFORD. I want to supplement what the gentleman said about Members talking long and loud about tax-exempt securities. In 1922, when that particular subject was before

us, there were three votes from this side [pointing to Democratic side] of the House. Lock at the record.

Mr. MAY. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. MAY. As to this bank proposition, I would like to get the gentleman's reaction on this. There is a difference between the R. F. C. selling its own bonds and the purchase of stock which is subject to taxation.

Mr. ROBSION of Kentucky. Exactly, and why should we take this burden off the powerful and the rich R. F. C. and cast it upon the shoulders of the widow and the orphan in the gentleman's community and mine—the poor people?

Mr. CHRISTIANSON. It has been said here that it is improper and dangerous to permit States and their municipal subdivisions to tax any property of the Federal Government. Does not the gentleman draw a line of distinction between property owned and used by the Federal Government in its sovereign capacity for the purpose of carrying out its sovereign functions, and property it may acquire and use for the purpose of engaging in business?

Mr. ROBSION of Kentucky. Absolutely. That is the distinction. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I am opposed to this bill for two reasons: First, I am opposed to this increasing trend toward more and more tax-exempt securities in this country. We have gone as far, if not much farther, in that direction than we ought to go, in my judgment. We have been talking about reducing that exemption for some time, but we have not done anything about it, and now we intend to extend the principle of it.

Secondly, it seems to me this is just another step toward state socialism. The gentleman from Ohio [Mr. HOLLISTER], the ranking minority member, admitted that if this bill passes it will be an inducement to the banks to delay retiring their securities held by the Reconstruction Finance Corporation. I want to get the Government out of this banking business as soon as it can reasonably be done.

The Reconstruction Finance Corporation Act was passed in 1932 with a 2-year limitation, but it is still going, and it will be here 5, 10, or 20 years from now if we continue this sort of legislation.

Mr. CELLER. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. CELLER. Cannot the Reconstruction Finance Corporation sell the stock? They have had offers to sell a great deal of this stock.

Mr. PETTENGILL. Well, why in Heaven's name do they not sell it then?

Mr. CELLER. They will sell it.

Mr. GIFFORD. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. GIFFORD. I would like to say to the gentleman that that question was asked in the committee, and the Chairman of the Reconstruction Finance Corporation said, "We cannot sell it. There is no market for it." It cannot be very profitable.

Mr. PETTENGILL. Certainly. Then the local banks back home should retire it as soon as they can, and be encouraged to do so.

Mr. WOLCOTT. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. WOLCOTT. The gentleman referred to the fact that the gentleman from Ohio said this legislation would be an inducement to the banks never to retire their indebtedness to the R. F. C.

Mr. PETTENGILL. That is correct.

Mr. WOLCOTT. If I understood the gentleman correctly, he said it was an incentive on the part of the banks to get rid of the stock as fast as they could, but the reason they could not get rid of it was because the examiners held them down and compelled them to keep their capital structure intact, and they allowed them to reduce their capital structure in proportion to their obligations, and that they were

reducing their capital stock held by the Reconstruction Finance Corporation as quickly as they could, and this legislation would have no effect on that proposition at all, and that we are reducing their capital stock held by the R. F. C.

Mr. PETTENGILL. I understood him to admit that it would prompt the banks to not retire securities held by the R. F. C. Now, I think that if this bill is to pass, a limitation should be placed upon it, and I intend to offer an amendment adding a new section providing that the law shall cease to be in effect 2 years from the date of its enactment. This will give this emergency legislation another 2 years to run. There may be a technical reason why that is desirable. Then we should wind it up.

It seems to me there is a great principle at stake in this discussion, and that is the question whether this Nation shall continue as a federated republic or become a bureaucratic empire.

If this bill passes, you have created another precedent for destroying State sovereignty.

When and if the Home Owners' Loan Corporation or the Farm Credit Administration or the R. F. C. Mortgage Co., or other Federal lending agencies foreclose on their loans and take title to the properties, you have here set a precedent today for exempting the properties from local and municipal taxation for the support of schools, fire, police, park, and other local services, and thus throw an additional burden upon other local taxpayers who have been lucky enough or thrifty enough to keep out of the hands of the Federal Government. If bank stock held by the R. F. C. is to be exempt from taxation, then houses taken over on foreclosure by the H. O. L. C. are entitled to be exempt from taxation. Otherwise you give a privilege to the common-stock holder of banks and deny it to the dispossessed home owner who wants to redeem his little home. The principle of the thing is indefensible.

If the Federal Government can create Government-owned corporations to invest in houses, farms, submarginal lands, banks, railroads, forests, factories, hotels, apartment houses, "satellite cities", and so forth; and then if Congress can constitutionally exempt the Government-owned corporation from State and local taxation, you can then destroy the dual form of government in this country without amending the Federal Constitution. You will then have an open door to the nationalization of all American enterprise.

Over in the State represented by Mr. GOLDSBOROUGH one of the greatest men of our generation now lies dead—Albert C. Ritchie. He became a national figure by standing firm for one of the great vitalizing principles of free government, which, more than anything else, made the party to which he belonged and gave his life, a force in our history for a century and more. I do not believe that the principles for which he and Thomas Jefferson lived and died, have died with them.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, listening to this debate, I am of the opinion that before many more days shall have elapsed we Members of the House will be placed in a rather inconsistent position. Today we have before us this bill, which in effect asks us to decrease the tax basis back in our home States by relieving the Reconstruction Finance Corporation from the payment of taxes on the capital stock of banks to which it holds title. That capital stock is now taxable by the States, and its exemption from taxation would make that much less taxable property in the States. If I am correctly informed, in the very near future a bill will be brought out by the Committee on Ways and Means having something to do with a green slip, requiring the filing of duplicate income-tax returns with the offices of the internal-revenue collector in the home State of the taxpayer, so that such duplicate of the income-tax returns may be available to the city and county assessor for checking the taxable property of the Federal taxpayer. The theory for these green duplicate slips is that the States are now having their tax basis reduced because of their inability to obtain correct taxing information and that the

filing of these duplicate green slips will broaden the tax basis in the States, giving the States a better opportunity to tax. With one bill we take away taxable property in the States and with another we try to add taxable property.

Aside from that the real proposition in this bill is that statement by my colleague from Indiana [Mr. GREENWOOD], for whom I have the highest respect, that this stock holding in national banks in the State of Indiana should be free from tax because the Government holds title to the stock and that no property to which the Government holds title should be taxed. The gentleman from Ohio [Mr. HOL-LISTER] states that the purpose of the bill is to equalize the loans to the railroads and insurance companies with the loans to the banks. If we are to accept these two statements as to the objects of the bill then the bill is more far-reaching than it would appear on its face.

National banks are private corporations and their stock is personal property subject to State tax. The Reconstruction Finance Corporation is also a private corporation chartered by Congress in which the Federal Government owns all of the stock. And then the Reconstruction Finance Corporation, through its financial operations, becomes the owner of the stock in the other private corporation, which is a corporation for profit, the national bank. The Reconstruction Finance Corporation now desires to be exempted from the payment of taxes on the national bank stock which it holds, although it receives the dividends from that stock and under the law is exempted from payment of taxes on the dividends. The private individual who owns the stock of these national banks is required to pay State tax upon his holdings of the stock and on the dividends.

To date the Reconstruction Finance Corporation has loaned to the railroads of the country \$393,711,968. The greater part of this money was loaned to the railroads to buy equipment and make repairs on buildings that are now subject to State tax. However, the Reconstruction Finance Corporation took title to the equipment purchased with the money loaned, and under the theory of this bill propounded by the Rules Committee, because the Government holds title to this property, it would be exempt from State tax. The Public Works Administration, which is also a Government lending agency, has loaned to the railroads \$188,825,500 to date. Most of this money likewise was used to purchase rolling stock and equipment and the title to such rolling stock and equipment is held by the Federal Government. This rolling stock and equipment represents millions of dollars and is now taxable under the laws of the various States. But on the theory of the Government holding title the States would be prohibited from taxing this property and the tax basis in the States reduced by millions of dollars. If the capital stock of banks held by the Reconstruction Finance Corporation can be exempted from State tax because of the title provisions, then it is but a step to exempt all of these other holdings of the Federal Government from State tax and the tax rate will have to be proportionately raised on the citizens of the State, they being required to pay more and more taxes on their lands, homes, and personal property after Government holdings are taken out of taxation.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. HARLAN. Does the gentleman know that without the provision of the original Reconstruction Finance Corporation Act, especially that giving by implication the States' power to tax certain tangible property held by the Reconstruction Finance Corporation, the States would not have authority to tax any of this, and this bill is merely a provision to exempt one block from taxation in order to make our bank loans safe, in order to protect the interests of the depositors? We are not taking away from the States anything here; we are simply exempting something that we have specifically granted to the States before.

Mr. GRISWOLD. I agree with the gentleman that we are simply exempting something; that something which we are exempting by this bill being in my State the sum of \$16,387,000. That means that what we are exempting must be replaced by increasing the tax burden on the lands and

homes in my State. How much more are we exempting because of what the Public Works Administration has put into railroads and what the R. F. C. has put into railroads? I would like to know how much we are going to exempt eventually if this R. F. C. exemption bill has made an entering wedge by exempting bank stock.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. O'MALLEY. If we go back and say we are not allowing the States to tax this stock, we can also say that if we had not allowed the States to tax this stock they might not have passed the bill or set up the R. F. C.; so there is no argument to say because at one time we allowed the States to tax the stock we should take it away from them now.

Mr. GRISWOLD. I thank the gentleman. The gentleman is correct.

Another objection to this bill, especially if you believe in equal justice under the law, is this: In every State certain stockholders in national banks, knowing their banks were going to the wall, put up the money themselves and took over the frozen assets of the bank. By so doing they saved the depositors from losing a cent. Yet today those people, who did not wait for their banks to go to the wall, cannot get a penny from the R. F. C. on these frozen assets. If a bank is about to fail, it has been the policy of the R. F. C. to lend money to that bank to prevent loss to the depositors, even though the stockholders of such bank had personally plenty of assets to put up for the purpose of protecting the depositors. Those who did not wait for R. F. C. help are holding the bag. They are paying taxes on the property of the bank which they took over after having secured the depositors, and they are being penalized because they saved their depositors without waiting for the R. F. C. to be established so that they could run to it and ask for the money. A case in point is the Citizens National Bank in my home town. The stockholders of that bank prevented any loss to the depositors; prevented a failure that would have caused a run, with dangerous effects on other banks of the community; and those stockholders today are subject to taxes on the frozen assets held by them.

If the R. F. C. can be relieved of taxes on private property to which it holds title, then by virtue of the same theory the Federal Government can be exempted from taxes on the farm lands to which it holds title by reason of the taking over of farms mortgaged under the Farm Loan Act. The Federal Government now holds title to farms valued at \$119,635,831. Under our present practice of lending by Federal agencies if all of these assets are to be exempted in just a little while the taxes on what is left to be taxed in the States will be higher than the value of the property taxed and the citizens of the State will bear the burden of those increases. I have heard it said that it is robbing Peter to pay Paul for the Federal Government to pay taxes upon these things and at the same time we are told that the R. F. C. is operating at a profit under its present efficient management. If it is operating at a profit, then certainly it can afford to pay taxes, for it was never intended to operate at a profit. It was even suggested at the beginning that it might operate at a loss, but that such loss was in the interest of recovery and could well be borne.

Under the provisions of this bill, the Federal Government holding bank stock, will not be taxed by the States on that stock. The private individual holding bank stock will be taxed by the States on that bank stock. I submit that this is the most severe kind of competition in private business under the law. I further submit such a bill as this, discriminating as it does between the Government in business and the individual in business, is not a bill that has as its principle "justice under the law."

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I do not think that at the present moment the people of this country are in any frame of mind to approve legislation of this type. I think it is poor judgment, generally speaking, and I will give some of the reasons why I make this statement. I have in my

hand a little leaflet, *The Agricultural Situation*, put out by the Bureau of Agricultural Economics, dated January 1, 1936, which shows that the farmers in the State of Michigan in 1930 were paying on an average in selected counties 6.3 percent interest per annum on all the indebtedness they carried.

On debts under \$500 they are paying 8.2 percent; \$500 to \$1,400, 6.8 percent per annum.

Here is the preliminary statement of the public debt, January 31, 1936, which shows a total gross debt of \$30,516,452,985.58. In running over this statement, I find the bonds and notes are divided into groups or blocks, and the second block or group shows a total of \$14,317,745,100, and in that group of Treasury bonds there is only one series that carries an interest rate as high as $4\frac{1}{4}$ percent, and the other series in that group carry rates from 4-percent down to $2\frac{3}{4}$ -percent interest per annum. The rate of interest on loans made to banks by the R. F. C., which we are talking about here today, as applied to dividends on preferred stock, is $3\frac{1}{2}$ percent per annum for the use of money. The next block shows a total of \$11,791,980,000 plus. In this group of bonds I do not find anything which carries $3\frac{1}{2}$ percent. But instead, a very large percentage that carries as low as $1\frac{1}{8}$ percent, $1\frac{1}{2}$ percent, and $1\frac{3}{8}$ percent. Those two blocks added together amount to a little over 26 billion dollars out of the total public debt of \$30,516,452,985.58, as of January 31, 1936.

Mr. KELLER. Covering what territory?

Mr. CRAWFORD. This covers the United States. This is the national debt as of January 31, 1936.

Mr. Chairman, the argument has been made that the R. F. C. cannot afford to pay the tax if it lends the money to these banks at the rate of $3\frac{1}{2}$ percent. The statement to which I have just referred does not support that argument in any way whatsoever. The Government borrows money at the rate set forth in the preliminary statement of the public debt. We should keep in mind the many claims that have been presented the past year with reference to the tremendously low rate of interest at which the Government is able to borrow money. Why? Because the people of this country prefer to lend money to the Government on Government bonds instead of putting it into private industry and industrial activity. But let the industrial activity of the country go up materially, then will the Government be able to borrow money at the rates of interest shown on this sheet?

Coming back to my first statement, "This is no time to pass legislation of this type." The little sheet to which I first referred in my remarks shows that the people in the State of Pennsylvania—selected counties—paid a rate of interest of 5.7 percent. In Iowa it is 5.6 percent; Kansas, 5.8 percent; Louisiana, 7.1 percent; Texas, 6.8 percent; Montana, 6.9 percent; Oregon, 6.4 percent.

This shows that the farm people of this country, in selected counties of 11 States, in spite of what has been said with reference to $3\frac{1}{2}$ percent on farm mortgages at the present time, which expires within about a year, were paying an average of 6.3 percent on all debts running \$20,000 and over.

Mr. Chairman, can we stand here and plead for legislation that transfers from the R. F. C. a tax burden which must be thrown back onto the taxpayers of the States, particularly when the people are lending their money to the Government at such low interest rates as are reflected in the January 31, 1936, statement of the public debt?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. CRAWFORD. Mr. Chairman, can we do that, when they are paying interest rates of $1\frac{1}{8}$ to 3 percent, which the Government pays on money which it borrows from the people of this country, as the banks take the deposits of the people and buy Government bonds? I do not think we can afford to do that. I would like to go along with a proposition that encourages the protection of our banks and the saving of deposits in the banks, but I keep in mind the fact that a lot of the R. F. C. money went into new banks. It was not recovery money. Some of this money went into

new banks which were organized on a new, clean-slate basis, and the R. F. C. came in and took the preferred stock. I also keep in mind that as the R. F. C. holds this preferred stock it is drawing dividends on the preferred stock out of the activities of those communities wherein the banks are operating.

I should like to ask the gentleman from Texas [Mr. Cross] if he knows of any other Government operation in which there is Government ownership and the property is exempt, where the profits are taken as a result of the operations being carried on by the Government? I do not know of any. If the gentleman does, I wish he would give me the information.

Mr. HEALEY. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Will the gentleman clear up this point? In the event that the States tax this stock, as a matter of fact is it the R. F. C. that pays the tax, or is it the banks themselves in the form of increased interest rates?

Mr. CRAWFORD. I understand the State law in Michigan with reference to taxation of bank stocks provides that about the first Monday in October in each year the cashier of the bank must make a return to the State treasurer of the paid-in capital stock of the bank, both preferred and common. In the event the cashier fails to do that, the penalty for failing to do so causes the State treasurer to assess a tax against the entire authorized capital stock under the articles of incorporation. Adding this to what the gentleman from Ohio [Mr. Hollister] said, it is my strict understanding that the bank makes a return on the value of the stock and that the stockholder is assessed his pro-rata share of the tax paid by the bank, and he must pay that through a reduction in his dividend.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. The banks which have a relation with the R. F. C. cannot raise the rate above $3\frac{1}{2}$ percent in the period of 5 years.

Mr. CRAWFORD. Mr. Chairman, this bill reaches out into very distant fields. Government is now participating in the operating profits of banks through the purchase which it has made of the preferred stocks of banks, both State and National. It has loaned much money to railroads and insurance companies. All of these activities are carried on for profit. Railroads, banks, and insurance companies are not nonprofit corporations. To be sure, military forts, post offices, and other Federal-owned properties are exempt from taxation. No one complains about that. But a new order or a new element has entered into the picture—Government ownership of preferred stock. This type of stock takes right over common stock. Some of this preferred stock may be owned by the Federal Government and at the same time some of the same bank stock by an individual. The Government ownership asks for exemption; the individual owner must pay his tax. The money with which to pay these preferred dividends must necessarily come from the operating profits of the banks of which the stock in question is a part. Those operating profits are created very largely by the people residing in the communities where the banks are located. In this manner those earnings in the form of dividends are extracted from that community. Some claim that if the R. F. C. must pay the tax the interest rate or dividend rate on the stock held by the R. F. C. must be advanced. That statement can be properly questioned. Who knows but what the Government in the years to come may be able to borrow money from the people at much lower rates than those enjoyed by the Government today? Suppose on all refunding transactions the Government can borrow money on an average annual interest rate of $1\frac{1}{2}$ percent. In that case, would it be argued the Government would have to raise the rates of dividends or interest at the end of the 5-year period referred to by Mr. GOLDSBOROUGH?

POSTAL-SAVINGS RATES

If on account of so many deposits in the banks the volume of transactions create an operating expense which banks

cannot carry, and at the same time pay 2½-percent interest per annum on demand Federal postal savings deposits or on time deposits of customers, that, of course, becomes an operating problem for the bankers. Perhaps the time has come when banks will have to make a charge against customers for the care the banks give to deposits owned by the customers of the bank. When the bank accepts a deposit and extends a guarantee to the depositor that he will be able to secure that money at any time he may make demand, that is banking service. In years gone by, it, of course, was the custom for the banker to pay the depositor for the use of the money, and then the bank would lend that money at a much higher rate than the rate paid by the bank to the depositor. That is not so today, because the people are not ready to borrow loans from the banks at high interest rates. Instead the Government lending agencies, such as the Reconstruction Finance Corporation and the Home Owners' Loan Corporation, are "short cutting" and lending money at much lower rates than the banks have loaned in the past or than the mass of the people can borrow from banks at the present time. Thus these new corporations—operating somewhat as branches of the Government—can finance their activities through the borrowings from people, through the bank gateway, and in securing this money from the people in this indirect manner through the banks the Government is now paying about the rate of interest direct to the holders of Government bonds which the banks formerly paid, on an average, to the people who placed their deposits in the bank. Now, as the Government participates in industrial activity, it comes along and requests that its preferred stock and debenture holdings be exempted from tax. Certainly, Mr. Chairman, we have indeed entered a new field, and great forces are placed in operation.

Mr. Chairman, it is my opinion this bill goes far afield. This question is one that needs much careful consideration, debate, and understanding before it becomes law. For these and other reasons I shall have to vote against the bill.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, as long as I am a Member of this House my voice is going to be raised against the further extension of exempting from taxation property acquired by the Government. My vote is going to be cast that way. [Applause.] These times are too serious to consider a bill of this character or nature further extending tax-exempt securities. At least, the law will be so construed by the people, and rightly so, as there can be no question about the fact that this proposed law will greatly help and assist national banks that want to secure money for their preferred stock from the R. F. C. It will help to create more tax-exempt bonds. I do not think we have the right in this House to think that this depression is over and that all is going well now. We certainly are better off than we were, but remember that the line of the unemployed is still here by the millions. One-sixth of our people, twenty millions or more, are still being fed at the hands of charity. There is tremendous and ominous unrest in our land.

I cannot see any justification for hurrying this bill through in just a few brief hours. The reaction throughout the country is going to be decidedly against the Congress for pushing it through in this manner. It just went through the Senate only yesterday. I was over there when it was being discussed, and now it comes up here under a special rule, and we sidetrack another bill that was being considered in order to shove this measure through. Why? To exempt the R. F. C. borrowers from paying some taxes. They already have Government favors showered upon them.

I have heard it charged on this floor, and the people generally believe, that the R. F. C. was organized to bail out the banks, the railroad companies, and the big lending institutions. It certainly had that effect. The small banks in my country have disappeared. They have passed into the chains and the chains have reached out and used the R. F. C. and have received millions from them at three and a half percent interest. Of course, the tendency is going to be to

keep these loans and not pay them off. We have no right, Mr. Chairman, at this time to pass this bill in a hurried way and under the pressure that is being brought forward to put it over. Such pressure usually indicates something wrong, and the people would resent it if informed.

Less than 30 days ago I saw all the papers of Oregon lined up on one side of a question, with nearly all the men in public life with them, urging the people to vote for certain measures. I saw the people go to the ballot box on the 31st of January and 60,000 of them voted with the papers and 150,000 voted against them. Evidently the newspapers are not controlling public opinion as they once did and people are more alert on political matters. You cannot tell what kind of revolution is just around the corner. If this bill passes, we are going to be justly criticized.

We hear much talk about tax-exempt securities. I do not know how many such securities there are. I should like to know and I have tried in many places to find out. This is no time for us to be passing hastily on a question as important as this. I think the matter of tax-exempt securities ought to come before this Congress and we ought to submit a constitutional amendment in order to reach this alarming situation.

History shows that civilization after civilization has been wrecked by people getting special privileges and special rights. You say, "It can't happen here." It may happen to us.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. McFARLANE. Tax-exemption legislation has been pending before the Committee on the Judiciary for the last several sessions. I wonder why they do not do something about it. The President in a message to Congress favoring the elimination of tax exemption, sent last year, favors this legislation.

Mr. PIERCE. I do not understand why the Judiciary Committee does not take up that question and submit a constitutional amendment to the people at this time. I can see no valid excuse that can be offered by any man who votes for this bill. [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, as one of the minority members I was glad to go along with the majority on this question. When the original act was passed it was fully understood this exemption was the intent, except in matters of real-estate holdings. Seemingly, but one State has seen fit to challenge it successfully. It is rather late now for Democrats on the floor of this House to rise and say that as a general principle they do not believe in any more tax exemptions being issued. It is a poor time to take refuge in such argument. The R. F. C., if these were profitable holdings, would sell them, but they cannot sell this preferred stock, even under present conditions. Make it harder, if you want to, and force them to hold them for a long time to come; but this is what is desired. But my motive in rising at this time is—and I intend doing it often—to call attention to the fact that in 1922 when you had a reasonably good-sized minority, and we had to get a two-thirds vote for a constitutional amendment to do away with tax-exempt securities, the opposition came from the Democratic side of the aisle, and I think only three votes for the proposition were cast on that side. We had to get a two-thirds vote, and although a fair majority, the Republicans could not win without some help from the minority. Yet we hear day after day you Democrats saying that they are never going to vote for any more tax-exempt securities. What is our own Judiciary Committee, largely manned by Democrats, doing? Did not your own chairman, the gentleman from Texas [Mr. SUMNERS], get up here recently and tell you why that amendment is not presented to you? He practically stated it to be unthinkable that we should consider it now or for some time to come when our own Government faces these large borrowings.

We have to look after the credit and the ability of your own Government to refinance, and now learn that it has about \$11,000,000,000 to finance or refinance within the next few months. Do not believe in any more tax-exempt securities. You will have now nearly \$40,000,000,000 worth, while in 1922 you had only about \$20,000,000,000 worth. If you read the speeches of your Democratic leaders then—and you had very able Democratic leaders in 1922—you will find that they made really good speeches in opposition; and I say to the gentleman from Oregon [Mr. PIERCE] that I believe if he will go back to the records of 1922 and read the debate, those speeches will convert him, so persuasive were they, and the same arguments would be advanced now as then.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CELLER. Just tell the House that not only have tax-exempt securities been issued to a great degree during Democratic control of the Judiciary Committee, but to an even greater degree when the Republicans were in control.

Mr. GIFFORD. Oh, yes; we cut them down from twenty-six billion to sixteen billion from 1922 to 1929. The gentleman, perhaps, remembers that?

Mr. Chairman, I yield back the remainder of my time.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. Brown].

Mr. BROWN of Michigan. Mr. Chairman, I have been interested in the fight that the gentleman from Oregon [Mr. PIERCE] has made regarding the tax exemption of Government securities. I think his argument on the floor has possibly confused some of the members of this Committee. The measure that we propose is one which will actually make preferred stock of banks, when it gets into the hands of private investors, subject to taxation. The kind of tax exemption that you have been protesting against is the tax exemption of Government securities when in the hands of private investors. The kind of tax exemption that we propose here is an exemption when property is in the hands of the Reconstruction Finance Corporation, which is an arm of the Federal Government and ought not to be subject to taxation any more than a fort or any other property of the Government of the United States.

Mr. PIERCE. Will the gentleman yield for a question?

Mr. BROWN of Michigan. Yes; I yield.

Mr. PIERCE. Is it or is it not true that these buildings in Washington pay a certain amount to the District of Columbia in lieu of what would be paid if they were privately owned?

Mr. BROWN of Michigan. Only insofar as we make appropriation for that purpose.

Mr. PIERCE. But is it not true that five or six million dollars is taken out of the National Treasury, and that is the excuse for it?

Mr. BROWN of Michigan. Well, I do not think that is a matter of taxation. That is a contribution on the part of the Government to the maintenance of the District of Columbia.

Mr. PIERCE. But is that not true?

Mr. BROWN of Michigan. Yes; it is true in that sense; but the fight which the gentleman has been making is not against exemption of property of the Government of the United States. It is against the exemption of that property, bonds of the Government, when they are in the hands of private investors. I do not yield further.

This bill provides, in substance, that when this preferred stock gets into the hands of private investors it becomes subject to taxation just the same as any other property. So much for that subject.

Now, the gentleman from Texas [Mr. PATMAN] has made much of the fact that the Committee on Banking and Currency is attempting to draw a distinction between investments of the Reconstruction Finance Corporation in the preferred stock of national banks and in their investment in capital notes and debentures in State banks.

There is no such distinction in this bill. One only has to read a sentence from it to demonstrate that fact conclusively:

Notwithstanding any other provision of law or any privilege or consent of tax expressly or impliedly granted thereby, the shares of preferred stock, capital notes, and debentures of State banks and trust companies heretofore or hereafter acquired by the Reconstruction Finance Corporation shall not be subject to taxation when in the hands of Reconstruction Finance Corporation.

The plain language of the statute ought to silence for all time today in this debate the proposition that we are attempting to tax State banks and to exempt National banks with respect to that financial assistance which the Reconstruction Finance Corporation gives to banks of all kinds, whether they be State or National banks. There is absolutely no distinction, and the only purpose of the bill is to carry into effect the original purpose of the Congress when it exempted all of the property of the Reconstruction Finance Corporation from taxation.

Mr. CRAWFORD. Will the gentleman yield for a question?

Mr. BROWN of Michigan. I yield.

Mr. CRAWFORD. The gentleman referred to the properties which the Government holds, and if I understood him correctly he said "forts"?

Mr. BROWN of Michigan. Yes; any property of the Government.

Mr. CRAWFORD. Does the gentleman classify nonprofit holdings of the Government, such as forts, public buildings, and so forth, with the holdings of the Government under these new types of Government corporations which we have recently established where they draw profits out of a community?

Mr. BROWN of Michigan. I think the general purpose of both is the same. The purpose of the establishment of the Reconstruction Finance Corporation was for the general benefit and welfare of all the people of the United States, and its property should be exempt. What is the use of our going down into the city of Texarkana, Tex., and investing \$250,000 to rehabilitate a bank, invited down there by the people and the banks, and then have that institution ask us to pay a tax upon the funds we gave to them for the purpose of opening or keeping open a bank? [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Chairman, from the question which the gentleman from Michigan asked a few moments ago of the previous speaker, he evidently expects that these different Government agencies which we have set up in the last 5 or 6 years are going to make a profit. If that is so, the gentleman is a prophet himself.

The gentleman who preceded me [Mr. Brown of Michigan] has very well explained the purpose of this act. A great deal of confusion has arisen as to whether or not preferred shares of bank stock held by the Reconstruction Finance Corporation should be taxed. Most States, either by law or by interpretation of their attorneys general, have decided that the stock is not taxable. Someone made a test case of it, and it went to the Supreme Court of the United States, and that august body decided that the stock was taxable. In order to have uniformity and to do away with confusion, the Committee on Banking and Currency brings to you the suggestion that you accept this amendment and make the stock exempt from taxation.

Mr. McFARLANE. Will the gentleman yield for a question right there?

Mr. CAVICCHIA. Yes; I yield.

Mr. McFARLANE. But does this bill do that when you take into consideration that 31 of the States, according to the Senate hearings, are allowed to tax the stock of State banks for State, county, and municipal purposes, when this bill cannot stop that and does not interfere with it in any way?

Mr. CAVICCHIA. It does not, and we cannot enforce it.

Mr. McFARLANE. Then it does not equalize.

Mr. CAVICCHIA. I may say to the gentleman, however, that if we make this stock taxable, the Reconstruction Finance Corporation will be forced to charge a higher rate of interest on the money it lends; and will we be any better off than we are now?

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. Yes.

Mr. PATMAN. The gentleman asked a question. I think the community would be better off, because the bank would be paying for the benefits it is receiving and paying its fair share of taxes to the local community.

Mr. CAVICCHIA. The gentleman from Texas and I disagree on most questions that come before this House from the Committee on Banking and Currency.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. McCORMACK. If we were a national government the gentleman's argument would be very convincing to me.

Mr. CAVICCHIA. Are we not a national government?

Mr. McCORMACK. If we did not have a dual system of government. We are a federated government. The Federal Government is a limited government, with delegated powers. The States have preserved to themselves certain taxing rights. We have no powers other than the powers the sovereign States have given to the Federal Government, and the sovereign States have reserved the right to tax private business. When the Reconstruction Finance Corporation buys the preferred stock of a bank it is putting its money into private activity, and the States certainly ought to have the right to impose taxes on any such activity.

Mr. CAVICCHIA. I would agree with the gentleman from Massachusetts were the R. F. C. a private corporation doing business for profit. It is nothing of the kind. It was born of an emergency. It is the taxpayers' money that is in the kitty, and it is being let out to banks and other institutions in order to help them.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. GRISWOLD. The gentleman said it was a nonprofit corporation. Can the gentleman tell me what will happen to the profits of the R. F. C. if it makes any?

Mr. CAVICCHIA. They are returned to the Treasury of the United States.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. CELLER. The R. F. C. did not of its own accord want to buy this preferred stock; it did so only to rescue these banks.

Mr. CAVICCHIA. I may say to my friend the gentleman from Brooklyn that that is the commonly accepted theory. As a matter of fact, however, the R. F. C. forced, indirectly, many of these banks to sell to it preferred shares. Many a bank has had to sell preferred shares of stock to the R. F. C. when it did not want to sell any, because it needed no money, but banks were afraid of reprisals in some few instances.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield 5 additional minutes to the gentleman from New Jersey.

Mr. CELLER. Mr. Chairman, will the gentleman yield further?

Mr. CAVICCHIA. I yield.

Mr. CELLER. I think that is true, but in those instances the capital structures of the banks were in disproportion to their deposits. Their deposits were so large and the capital structure so small that it was necessary in the interest of safety for the R. F. C. to buy some of the preferred stock of these banks to bring back the proper proportion between deposits and capital structure. In those instances the R. F. C. compelled the banks to give them the preferred stock.

Mr. CAVICCHIA. That is another theory that does not hold water.

A lot of these governmental agencies we have organized in recent years are becoming rackets; and may I cite the postal-savings bank? When we created the Federal insurance of bank deposits we felt we would no longer have need of postal-savings banks, because the average worker does not, as a rule, save more than \$5,000, if that much, and he

could just as well go to the State or National bank and deposit his money. We felt that because of the insurance feature we would no longer have need of the postal-savings banks. It was the conviction of the majority of the members of the Committee on Banking and Currency that, without legislation, in time the postal-savings banks would disappear of themselves.

What has happened? We guarantee the depositors in postal-savings banks 2-percent interest. The trustees of the postal-savings deposits in Washington exact 2½ percent from the banks where this money is deposited. I want to give you gentlemen something to think about. I have been unable to get information from the trustees of the postal-savings banks as to how much money was returned to the postal authorities on the 1st of February by the banks of New York and New Jersey. I got just a general bit of information saying that on December 31 there was on deposit in the postal-savings banks of the country \$1,201,377,563; that some of the banks have returned the money voluntarily because they could not afford to pay the postal authorities 2½-percent interest. I asked the Third Assistant Postmaster General why they did not lower the rate of interest so that the banks could keep the money, and he said that one-half of 1 percent was not too much to charge the banks in order to cover overhead; yet we charge only one-eighth of 1 percent to guarantee our bank deposits. We began at one-half of a percent, went down to a quarter, and finally got down to one-eighth of a percent. We can afford to guarantee the deposits in the banks and only charge the banks one-eighth of 1 percent.

The postal authorities felt it necessary to have the banks in which they deposited the postal savings pay interest of 2½ percent, giving a leeway of one-half percent to cover overhead.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. I just want to rise to correct the gentleman. The present assessment is one-twelfth of 1 percent.

Mr. CAVICCHIA. That is better yet.

Mr. Chairman, from a newspaper correspondent I got information that I could not get direct from the postal authorities. Subject to correction, I give you these figures: On February 1 the State and National banks of the State of New Jersey had to return \$33,367,434, because the bank commissioner of the State said that the banks of my State could not afford to pay depositors more than 2 percent. Inasmuch as the ruling of the postal authorities provided that these banks had to pay 2½ percent, this money had to be returned. Is it not a wonder we did not have a banking holiday on the first of February when \$33,000,000 was taken out? I am told \$15,903,754 was returned by New York banks.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. May I say to the gentleman that I have in my hand the Senate hearings on the bill, and I notice therein a statement by Mr. Jones that some of this preferred stock is in private ownership. Does the gentleman know how much that amounts to?

Mr. CAVICCHIA. I could not give the gentleman the figures.

Mr. MARTIN of Colorado. I want to know what is going to become of that when this law is passed?

Mr. CAVICCHIA. They get a greater rate of interest than the R. F. C. and they have to pay a tax on what a private individual holds? I want the Members of the House to be clear on this point: Private holders of this preferred pay a tax on this stock.

Mr. MARTIN of Colorado. How do they get this stock?

Mr. CAVICCHIA. Well, they are probably directors of the bank. The bank had to have additional capital and they

bought it there when the stock was issued. Some of it went to the R. F. C. and some went to individuals.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Is the gentleman for this measure that is now before the House for consideration?

Mr. CAVICCHIA. I am, because I believe the measure clarifies what we intended should be the law when we first drew up the act.

Mr. ZIONCHECK. If the gentleman is for the measure, I am against it, because the gentleman is always with the bankers.

Mr. CAVICCHIA. I thank the gentleman. May I say I do not own a share of bank stock and never did.

Mr. ZIONCHECK. But the gentleman is always here representing them before the House.

Mr. CAVICCHIA. I am a member of the Banking and Currency Committee, and I wish the gentleman from Washington would please take notice.

Mr. CRAWFORD. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Did I understand the gentleman to say that the Postal Savings requires State banks to pay 2½ percent on their deposits?

Mr. CAVICCHIA. Yes. The depositors go to the postal-savings banks and put their money in those institutions because they know it is a Government proposition. They have more faith in a Government institution than they have in private banks. That is especially true of the immigrant classes which we have in our large centers of population. However, the Government takes these deposits and puts them in a private bank which the depositor himself did not want to go to in the first instance. The Government pays the depositor 2 percent and exacts 2½ percent from the private banker.

Mr. CRAWFORD. It is my understanding that a great many of the banks are this very month reducing the interest rates which they pay on time deposits to as low as one-half of 1 percent.

Mr. CAVICCHIA. Yes; and that is the reason \$33,000,000 was withdrawn from banks in the State of New Jersey and returned to the Federal Government, because by order of the commissioner of banking and insurance of New Jersey the rate of interest was cut down to 2 percent and the banks could not afford to pay 2½; hence the return of the money.

Mr. WHITE. Will the gentleman yield?

Mr. CAVICCHIA. I yield to the gentleman from Idaho.

Mr. WHITE. Is it not a fact that during the depression the fund in the postal-savings banks was one of the greatest influences the Government had to bail out the distressed banks and was there not a stampede to get money from these banks in distress?

Mr. CAVICCHIA. Yes; but since we have guaranty of bank deposits, why have postal-savings banks and why have the postal authorities carried on the racket of making the private banks give them one-half percent for what they say is overhead?

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman and members of the Committee, though the measure before us has been ably presented by various members of the committee, I am convinced that there is much confusion surrounding its true purpose and effect. Much that is irrelevant has gotten into the discussion. I therefore trust that I may aid some in clarifying the real issue for decision.

The reasons for the bill are well and clearly stated in the report of the House Committee on Banking and Currency, and in the interest of fair play and equality between the States, applies to taxes heretofore imposed as well as to future taxes.

As pointed out by the gentleman from Wisconsin [Mr. REILLY], the effort on the part of some of the gentlemen

who have spoken today to confuse the tax-exempt issue with the issue involved in this measure is entirely out of place and can be nothing more than an effort to draw a herring across the path. This bill merely restores to the R. F. C. an instrument of the Federal Government, its constitutional immunity from taxation. It is designed to clarify the exemption from all taxation of preferred stock, capital notes, and debentures of banks and trust companies acquired by this Corporation pursuant to section 304 of the Emergency Banking Act passed in March 1933. The necessity or occasion for this bill, as probably all of you understand, is the recent decision of the Supreme Court of the United States in the case of the Baltimore National Bank against the State Tax Commission of Maryland, in which the Court held that the tax commission had the right under section 5219 of the Revised Statutes to assess the shares of stock regardless of its ownership. Since the word "all" was used by Congress in 5219, the Court stated that the manifest intention of the law was to permit the State in which a national bank is located to tax, subject to the limitations prescribed, all the shares of its capital stock without regard to their ownership. In this case the R. F. C. owned the entire preferred stock issue, which it bought to assist the bank in reopening its doors. But for the express language of 5219, Revised Statutes, the invoking and asserting of the constitutional immunity would have been adequate and sufficient to have protected the Federal Government against taxation of the State authorities. It should be remembered that section X of the Reconstruction Finance Act was designed to give the broadest possible constitutional immunity to the Corporation, for this language is used:

The Corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from taxation, both State and Federal.

Under color of law, the Corporation has consistently asserted this constitutional immunity from taxation. This interpretation of section X has received almost universal acceptance by State courts and attorneys general, and only recently has any taxing authority undertaken to question this immunity. In partial reliance upon it, the Corporation has reduced the dividend rate on preferred stock held by it to 3½ percent until February 1, 1940, and 4 percent thereafter, while it pays the Treasury 2¾ percent for the funds procured from it. As pointed out in the report, taxation of shares of preferred stock will not only encroach in all cases upon the Corporation's small margin of return but in many cases will wipe out entirely and even exceed this margin.

The present bill will not in anywise affect the rights of any taxing bodies to levy taxes against the preferred stock, notes, or debentures held by any individual or other corporation. This measure merely exempts the securities mentioned when held and owned by the Reconstruction Finance Corporation. It is perfectly consistent with the intention of Congress, and the bill does no more than to close an unintended legislative gap.

We should not forget that the R. F. C. was created as a relief corporation, whereby the credit of the Government, in the great crisis facing the people, could be thrown behind private credit to prevent a complete destruction of values of all kinds. It was not set up, as many have been given to believe, for the primary purpose of aiding the big corporations and large institutions. Its purpose was to save through them the deposits and investments of millions of people throughout the country. This it has done and at the same time protected the taxpayers. [Applause.]

Mr. McCORMACK. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I gladly yield to the gentleman from Massachusetts.

Mr. McCORMACK. Does the gentleman take the position that every instrumentality of government is exempt from taxation?

Mr. HANCOCK of North Carolina. I take the position that every instrumentality of the Federal Government can invoke immunity from taxation. It is an inherent, sovereign right.

Mr. McCORMACK. Does the same thing apply to the State governments?

Mr. HANCOCK of North Carolina. The State governments can, of course, protect their own properties against Federal taxation.

Mr. McCORMACK. Unless it is an essential governmental function, any activity of the State or local government is subject to Federal taxes.

Mr. HANCOCK of North Carolina. The gentleman is getting into a broad field, and I regret that I cannot follow him.

Please let me now briefly give you my reasons why I think this measure is desirable and necessary. Much has been said here about depriving the local communities of their right to taxation. A number of the gentlemen who have spoken have also indicated that the passage of this bill would withdraw certain property from taxation by the State and other governmental units which they at one time enjoyed. Such a conclusion is, of course, erroneous. Personally I cannot believe that this is the real motive behind the opposition to this measure. Unfortunately there are a few men in the House who see red when any measure involving a bank or banker is presented for the impartial consideration by the Congress. Such vision or attitude can do no good but possibly great harm. I am allied with no banking institution, but I recognize, as I am sure all of you do, that banking houses are indispensable in our economic set-up. When soundly and properly administered in the interest of the public, they are entitled to the good will and patronage of the public and fair treatment by the government which chartered them. All of us, I am sure, will appreciate the fact that no bank is safe to do business with unless it is operating upon a profitable basis. This does not mean, however, that in time of emergency the rights of the stockholders should be placed ahead of the community interest and welfare.

Just why should the R. F. C. be treated on any different basis from any other corporation? Well, in the first place, capital was not put into banks by the R. F. C. for the same reason that private money is invested in these institutions. In normal times the hope of profit is, of course, behind practically every purchase of bank stock. All of us know, however, that the R. F. C.'s purchase of preferred stock, notes, and debentures in National and State banks was purely for the purpose of protecting millions of depositors and of avoiding further destruction of property values. It has served as a great physician to thousands of sick banks which were helpless because of lack of local financial sustenance and confidence.

It is a known fact that thousands of banks could not have qualified for membership in the F. D. I. C. without R. F. C. capital, and could not now retain their membership in the F. D. I. C. without R. F. C. capital, which is necessary to meet the requirements of unimpaired capital structure. If these banks had not been able to qualify for deposit insurance, many of them would have long since been closed and their closing would have destroyed taxable values of other kinds and characters many times greater than the capital stock in the banks. Saving the depositors of these banks also gave the common stock of the banks a chance to come back and again provide taxable values. [Applause.]

There are many banks in practically every congressional district that were without capital in 1932 and 1933, and if the R. F. C. had not come to their rescue some of them would have been closed, to the great distress, inconvenience, and loss to their depositors. Taxable values would have vanished far in excess of the amount of preferred stock placed in the banks. By saving these banks we have remade value. Who, then, can truthfully say that this measure is a discrimination against the State taxing authorities?

It has been stated here that some of the banks were forced to issue preferred stock. I am certain that such a statement is without foundation. The Government provided the capital because local interests were not in a position to do so; and all of the bank-capital investments, whether in preferred stocks or capital notes and debentures, are in effect loans to the banks. Under the articles of association or agreement with the banks, they must retire the preferred

stock from their earnings and recoveries. It is not, therefore, an investment as preferred stocks are generally considered, but a temporary aid to the local communities and depositors in the banks. As the preferred stock is retired, it must be replaced with common stock, all of which will be subject to taxation at the will of the States where located. We should remember that capital notes and debentures are not taxed, and, if preferred stock is taxed, it creates a discrimination.

In the light of these facts, it is hard to understand the arguments which have been advanced against this meritorious measure. Its passage will not benefit the banks which have issued preferred stock now held by the R. F. C.; but its defeat will seriously hinder, and perhaps prevent, the R. F. C. from going to the aid of other worthy institutions which are in imminent danger of collapse and failure because of impairment of capital. According to the testimony given to our committee by the distinguished chairman of the Federal Deposit Insurance Corporation, Mr. Crowley, who strongly urged the passage of this bill, there are a number of serious cases in the country which will be denied the relief they need and deserve unless this measure is passed. All of us know that the R. F. C. will not be able to continue to lend to these institutions at the present low rate if they are to be taxed anywhere from 2 to 5 percent on the stock which they own in these institutions. This, of course, means that they will have to charge institutions in distress 5, 6, and 7 percent for this money, which will impose an almost prohibitive burden upon a convalescing institution. That is exactly what will happen if this exemption is not voted into these securities.

Mr. PETTENGILL and Mr. SOUTH rose.

Mr. HANCOCK of North Carolina. I yield first to the gentleman from Indiana.

Mr. PETTENGILL. I understood the gentleman to say that he holds that Government instrumentalities or Government-owned corporations are exempt from local taxation.

Mr. HANCOCK of North Carolina. They can certainly invoke that right.

Mr. PETTENGILL. Then if the H. O. L. C. forecloses on a piece of home property, or if the Farm Mortgage Corporation forecloses on a piece of farm property, would the gentleman exempt such property from the payment of taxes to support schools, and so on?

Mr. HANCOCK of North Carolina. I have made no such statement.

Mr. PETTENGILL. What is the distinction?

Mr. HANCOCK of North Carolina. I shall be glad to define the distinction in just a few minutes. The gentleman, of course, knows that any real estate owned or acquired by the R. F. C. was expressly made the subject of ad valorem taxes in the community where located under the language of section X of the act referred to a few minutes ago.

Mr. HOLLISTER. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. HOLLISTER. I should like to suggest to the gentleman, in answer to the question of the gentleman from Indiana, that the essential difference between this case and the case he submits is that in the case of the H. O. L. C. or in any other case where property owned by a Government instrumentality is already on the tax books, removing such property from the tax books would be taking away revenue which already existed. But in this case, in every instance, as the gentleman from North Carolina has so convincingly pointed out, there has been new capital put into the community, which has created a new kind of property not previously on the tax books.

Mr. HANCOCK of North Carolina. I thank my friend from Ohio, who has answered, I am sure, the gentleman's question more clearly than I could have done.

Of course, there are none of us here who would deprive any of the States or smaller subdivisions of their legitimate taxable values. Personally I do not believe that there is a taxing authority in the United States that would have thrown any obstacle or stumbling block in the way of the R. F. C. in its constructive effort to protect the community in keeping

open or reorganizing its financial institutions. The people in this country know that the R. F. C. has been a friend to practically every eligible worthy financial institution in trouble, and I should hate to think that any Member of this House would for some small, petty, prejudicial reason reflect upon its great record in placing the institutions of our Nation on a sound and solid foundation.

In trying to prevent this Corporation from being crippled in its relief operations, let us not forget the conditions which faced us in 1932 and 1933. In my judgment there is hardly a community in the entire Nation whose citizenship has not been directly benefited as a result of its operations. Who is there among us here who would have touched a share of new bank stock in 1933 with a 20-foot pole? Why are our banks in such healthy and strong condition today? Every man here knows that the answer lies in the able and effective assistance rendered these institutions through the R. F. C. and the F. D. I. C. Their work constitutes a marvelous and unprecedented accomplishment in which every citizen of the United States should take a just pride. Their work is, of course, not complete; and I therefore urge upon the membership of this House to seriously ponder the issue before us at this hour before they turn thumbs down on this measure. I have the utmost confidence in the composite judgment of our committee and in the recommendation of the distinguished Chairman of the Reconstruction Finance Corporation. For these reasons, together with my own as the result of a careful study of this measure, I shall cast my vote for it. [Applause.]

Mr. HOLLISTER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and Members of the Committee, after that very persuasive and convincing statement by my colleague on the Banking Committee [Mr. HANCOCK], it is scarcely necessary for anything more to be said in defense of the bill.

I want to say that the State of Illinois has a particular interest in the pending bill. The Reconstruction Finance Corporation has invested in the banking institutions in the State of Illinois at the present time something in excess of \$72,000,000. If the State were permitted, at the ordinary rate that pertains there, to tax the R. F. C., it would amount to two and a half million dollars, which is far in excess of the interest that any other State in the Union might have in the pending legislation.

I assume that the gentleman from Texas, in the statement he made earlier in the day, was particularly interested in saving the entire assets of these banks in his own State so far as might be taxed for the benefit of the State, rather than for the benefit of the Government.

May I say that so far as the loss of revenue is concerned, take an outstanding example of a bank in Chicago. When the Reconstruction Finance Corporation bought into the largest bank in Chicago, the common stock of that bank was selling for \$24 a share.

Mr. McFARLANE. Which bank?

Mr. DIRKSEN. I think the Continental.

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. DIRKSEN. Let me finish, and then the gentleman can carry on from there. The statement that Jesse Jones made to Senator COUZENS with respect to that bank as printed in the RECORD shows that the common stock of that bank is now selling for \$174 a share, an appreciation of \$150, which means an appreciation in the common stock of \$112,500,000 of taxable value, so far as the State of Illinois is concerned. If we can tax the common stock, and we have an additional enhanced value of \$112,500,000 that can be seized upon by the tax assessor of Cook County, certainly we will not be so niggardly as to contend that here is something that ought to be preserved for the States that involves only two and a half million dollars as against \$112,000,000.

Mr. MAY. Is that the bank known as the Dawes Bank?

Mr. DIRKSEN. Oh, let us not go into that.

Mr. MAY. I am asking for information.

Mr. DIRKSEN. I shall not answer the question, because it is quite beside the point. It may be drawing a red herring across the trail.

Mr. MAY. If the gentleman is correct, that the stock of the bank went from \$24 a share up to \$174 a share, can the gentleman tell any reason why they should not pay taxes on stock that increases so valuable for tax purposes to the local authorities in the city of Chicago?

Mr. DIRKSEN. I am speaking of the common-stock appreciation, not the preferred-stock appreciation. As for the preferred stock and the right of the R. F. C. to be exempt insofar as those subscriptions to preferred stock are concerned, I simply follow the contentions made by my colleagues on the Banking Committee, that it is essentially a Government instrumentality which was not created for the purpose of profit but rather to give solvency to the lending institutions in every community in the United States, and by doing so they have not only improved the value of common stock but they have done considerable for real-estate values and everything else. So far as the argument is concerned that we are taking out of valuation for State taxing purposes a large measure of property, it does not hold water.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. McFARLANE. Since this question of Chicago has come into it and the Dawes Continental Bank—

Mr. DIRKSEN. Remember, no red herring.

Mr. McFARLANE. Oh, yes; and since the stock has been increased in value, and since the salaries in all those banks have increased, and, for instance, Mr. Cummings was drawing \$15,000 and now draws \$75,000 from this bank—

Mr. DIRKSEN. Oh, let us leave him out of it.

Mr. McFARLANE. He was in it in a big way in the Senate debate yesterday.

Mr. DIRKSEN. It has no relation to the bill pending, and the gentleman has no right to bring that into this discussion, and he knows it.

Mr. McFARLANE. I have all the right that any Member of Congress has, and if these banks can pay these additional salaries why can they not pay taxes on the stock that you are trying to exempt under this bill?

Mr. DIRKSEN. Why insist on befogging the issue by bringing in Mr. Cummings? I might feel precisely the same as the gentleman does about Mr. Cummings and about the high salaries he is receiving, but that has nothing whatsoever to do with this bill.

Mr. McFARLANE. It has, because it is indicative of the whole question.

Mr. DIRKSEN. It may prejudice Members and is brought here for the purpose of obscuring the real purpose of this bill.

Mr. MAY. On the gentleman's own statement that the property values increased very largely in the community where these loans had been made by the R. F. C., will the gentleman agree with me that if the loans held by the banks on all this property under other loans have been secured, then they can afford to pay taxes against all the other loans?

Mr. DIRKSEN. I do not know that I understand the gentleman's involved question, but a lot of this preferred stock that we refer to in the provisions of the pending bill was created after the R. F. C. began to function and after it was given authority in the Emergency Banking Act in 1933 to subscribe for this stock, so that in dollars and cents the States are losing absolutely nothing and have the benefit of the appreciated values in common bank stock. That is the long and the short of it. The States are losing nothing, and I am going to vote for this bill. [Applause.]

Had the R. F. C. never been created and vested with authority to subscribe to preferred shares of national banks, millions of existing preferred shares at the time of the banking emergency would have remained worthless and without taxable value to the States, and other millions of new preferred shares to which the R. F. C. subscribed would never

have been issued. It was this function and authority of the R. F. C. which brought such preferred shares into being, and it knocks the arguments of the opponents of this measure into a cocked hat.

If it was contemplated that the R. F. C. should continue indefinitely as a normal arm of the Government, there might be some virtue in the contentions of those who now envision it as an intruder upon the province of the States. It is not so contemplated. It is essentially an emergency agency. It should go out of business when its work is done, but so long as its services are required, it remains for the Congress to protect it and facilitate its work.

What good would be accomplished by defeating this measure? If you permit States to tax a Government agency to the point where it must raise interest rates to all borrowers to overcome the item of taxes in its cost of operations, by so doing you defeat the very purpose of the R. F. C.

How strange that heretofore nobody has contested the authority and the right of the R. F. C. to subscribe to capital stock, capital notes, debentures, and so forth, without paying taxes thereon. To be logical, the opponents of this measure should tax every function of the R. F. C., and thus tax it out of business. That, indeed, would be a most singular attitude to take toward an agency which has sought to serve banks, insurance companies, railroads, and many other enterprises to preserve their securities against further depreciation and the evil consequences that would be visited upon the small holders of such securities.

The bill is proper, it is logical, it is in accord with court decisions, and should be passed.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am sure we all listened very attentively to the remarks of the gentleman from Texas [Mr. PATMAN], but I rather thought his remark that the bill was a sort of "pork barrell" bill, was indeed in bad taste. I say that advisedly. Let us see what there is of "pork barrell" in the Reconstruction Finance Corporation. Since the gentleman made his remarks, I have discovered that his own district has been greatly benefited by the Reconstruction Finance Corporation. Just pause a moment and let these figures sink in. In 11 Texas counties, comprising Mr. PATMAN's district, I am informed by the Reconstruction Finance Corporation that, to protect the interests of depositors, the Reconstruction Finance Corporation has made loans of \$937,695 to banks, trust companies, and building-and-loan associations; and it has purchased \$670,000 in preferred stock and debentures of banks in those counties, in an effort to increase their capitalization and so provide for an adequate margin of safety for deposits placed in the banks by the people of those counties.

Mr. PATMAN. Will the gentleman yield? How much did the gentleman say?

Mr. CELLER. I would say, in view of the gentleman's remarks—and I have a real affection for him and a high regard for his ability—that his remarks are in the nature of biting the hand that feeds him.

Mr. PATMAN. Does the gentleman mean to say we received in the First Congressional District of Texas from the R. F. C. in loans to banks of only \$937,000?

Mr. CELLER. I should think that was rather adequate.

Mr. PATMAN. In other words, every time we got a dollar the Dawes bank got \$100?

Mr. CELLER. That has nothing to do with it. I would say if the gentleman received in his district almost \$1,000,000 from the Reconstruction Finance Corporation and Texas received in the way of preferred stock from the Reconstruction Finance Corporation almost \$22,000,000, your State and your district have been treated mighty well by the Reconstruction Finance Corporation.

Let us dip into the record. Let us see the immeasurable benefits heaped upon States by the R. F. C. only in respect to the preferred stock it has bought from banks. The figure I insist on by States, first, where national-bank shares are taxed; second, where national-bank shares are not taxed; third, where tax is levied on income of national banks.

States in which national-bank shares are taxed

State	Investment of Reconstruction Finance Corporation in national banks and trust companies	Percent of actual value at which property is assessed for taxation	Approximate annual tax rate, based on information available (per \$1,000)	Approximate amount of tax per year, based on information available
Arizona	\$1,340,000.00	100	\$51.20	\$68,608.00
Arkansas	1,275,000.00	50	52.34	33,366.75
Colorado	4,101,000.00	100	49.15	201,564.15
Delaware	137,300.00	100	2.00	274.64
Florida	1,177,500.00	50	2.00	1,177.50
Georgia	1,507,500.00	100	31.00	46,732.50
Idaho	565,000.00	67	62.23	23,557.17
Illinois	72,797,614.17	50	68.55	2,495,133.23
Indiana	6,857,980.00	100	2.50	17,144.95
Iowa	6,323,400.00	60	5.00	18,970.20
Kansas	2,190,500.00	100	41.96	91,913.38
Kentucky	3,182,350.00	100	13.00	41,370.55
Maryland	2,607,540.00	100	12.20	31,811.98
Michigan	17,680,610.00	100	31.97	565,249.10
Minnesota	11,211,000.00	33 1/4	108.00	403,596.00
Missouri	4,217,125.00	60	32.05	81,095.31
Montana	1,061,000.00	30	70.00	22,281.00
Nebraska	4,842,450.00	100	10.00	48,424.50
Nevada	175,000.00	100	41.14	7,199.50
New Mexico	401,000.00	100	43.40	17,283.49
North Carolina	1,317,500.00	100	18.49	24,360.57
North Dakota	1,897,000.00	50	65.23	61,870.65
Ohio	22,828,073.00	100	2.00	45,656.15
Pennsylvania	19,394,886.50	100	4.00	77,579.54
Rhode Island	648,500.00	100	4.00	2,594.00
South Carolina	1,505,000.00	100	90.08	135,570.40
South Dakota	2,748,000.00	100	4.00	10,992.00
Tennessee	7,790,000.00	100	22.98	179,014.20
Texas	21,969,625.00	75	43.01	714,685.18
Virginia	3,043,900.00	100	10.09	30,439.00
West Virginia	2,416,066.66	100	5.47	13,215.83
Total	229,209,420.33			5,512,736.38

States in which national-bank shares are not taxed

Louisiana	\$4,340,000.00
Maine	2,455,600.00
Mississippi	2,629,000.00
New Hampshire	501,635.00
New Jersey	28,648,575.82
Utah	1,250,000.00
Vermont	497,500.00
Washington	2,062,500.00
Wisconsin	14,573,850.00
Wyoming	565,000.00
Total	57,523,660.82

Territories (no tax information available)

Alaska	\$37,500.00
Virgin Islands	125,000.00
Total	162,500.00

Summary

	R. F. C. investment	Amount of tax
Taxable	\$229,209,420.33	\$5,512,736.38
Not taxable	57,523,660.82	
Tax paid by bank (income)	173,173,266.83	
No information available (Territories)	166,500.00	
Total	460,068,847.98	5,512,736.38

States in which tax is levied on income of national banks

Alabama	\$6,612,400.00
California	16,716,925.00
Connecticut	3,698,426.00
District of Columbia	1,100,000.00
Massachusetts	9,190,800.00
New York	126,249,715.83
Oklahoma	8,902,500.00
Oregon	702,500.00
Total	173,173,266.83

Notice Illinois received \$72,797,614 of new money; Michigan received \$17,680,610 of new money; Ohio received \$22,828,073 of new money; Pennsylvania received \$19,394,886 of new money; Texas received \$21,969,625 of new money, to give you only a few. Certainly Representatives from those States cannot vote against this bill and in any sense show gratitude.

We are not taking anything from any State. We gave them prosperity, money, proceeds of the preferred stock, which they did not have before. Why place a penalty of taxation upon the R. F. C. for thus rescuing these States? That would add insult to injury.

As I see this situation, when we passed the act on March 24, 1933, we specifically stated:

The Corporation—

Meaning the R. F. C.—

Including its franchise, capital, reserves, and surplus, and its income, shall be exempt from all taxation.

I will wager anyone that it was the studied purpose and intention, not only of the Committees on Banking and Currency of both Houses, but of all Members on this floor, when they voted for that bill, to exempt from taxation the preferred stock that it might hold in the various national banks. All we do today is to correct that error pointed out by the Supreme Court, namely, when it stated that because we did not specifically mention preferred stock, this situation was created, and preferred stock is not immune from State tax. Now, if it is an attempt to correct that inadvertence, why all this hullabaloo about tax-exempt securities, salaries of various officials of the banks benefited, and so forth? What difference does it make as to the principle underlying this proposition, what salary is paid to Mr. Cummings, to Mr. Jones, or to Mr. Smith? If there are 6,000 banks benefited by the Reconstruction Finance Corporation by way of preferred stock because a few or many officials are receiving high salaries, what difference does that make? That is not the situation throughout the length and breadth of the land in connection with these 6,000 banks that have been benefited. I can see no connection between the salaries paid and the question whether States shall tax preferred stock but not the franchise and other property of the R. F. C. By the same token of reasoning, I can see nothing comparable in the matter of tax-exempt securities and this item in this bill.

In the case of tax-exempt securities, the securities are issued by the Government. In the case of the R. F. C., an agency of the Government does not issue stock, but simply holds by purchase the preferred stock of the national banks.

In the case of tax-exempt securities, the exemption is permanent during the life of the securities. In the other case the exemption is held only so long as the preferred stock is held by the R. F. C. The R. F. C. could sell the stock. The vendee would not be exempt from payment of taxes.

The amount of preferred stock held by the R. F. C. today in national banks is \$229,000,000. The tax this bill seeks to save is \$5,512,000, a tidy sum.

Seventeen States do not tax the preferred stock of national banks held by the R. F. C. The other States do. This bill would eliminate such discrimination.

In numerous States also you have an anomalous situation because of local statutes whereby there is no tax on preferred stock of State banks held by the R. F. C. but on the contrary, by virtue of those statutes, there is a tax on the preferred stock of the national banks held by the R. F. C. This bill again would remove such discrimination and place all States upon a parity.

Inherently States cannot tax instrumentalities and property of the Government or property of those instrumentalities. Inherently States cannot tax national-bank stock. We can waive the immunity and we have done so. Only by grace of Congress can the States tax. We now have by this bill withdrawn the immunity heretofore given.

The best argument I know for this bill is that Jesse Jones, the distinguished Chairman of the R. F. C., and his Board, request passage of the bill. I agree with the senior Senator of Virginia that the R. F. C. is the best managed governmental agency. The word of those in charge of such agency is entitled to most respectful consideration. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired; all time has expired.

The Clerk read as follows:

Be it enacted, etc., That section 304 of the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, as amended, be further amended by adding at the end thereof the following:

"Notwithstanding any other provision of law or any privilege or consent of tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares

of preferred stock, capital notes, and debentures of State banks and trust companies, heretofore or hereafter acquired by Reconstruction Finance Corporation, and the dividends or interest derived therefrom by the Reconstruction Finance Corporation, shall not, so long as Reconstruction Finance Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency, or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period."

Mr. GOLDSBOROUGH. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 1, line 8, after the word "consent", strike out the word "of" and insert in lieu thereof the word "to."

The amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 2, line 9, after the word "authority", strike out the words "whether now, heretofore, or."

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have a very interesting spectacle of the gentleman from Maryland being caught in a wedge. On one side he is advocating that we pass a bill in order to meet a recent decision of the Supreme Court in a case brought by his own State, and then in the next breath he comes here as an individual member of the committee and offers an amendment to exempt his State from the retroactive provisions of the law.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. McCORMACK. The gentleman wants his State to collect the \$27,000?

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. McCORMACK. Certainly.

Mr. GOLDSBOROUGH. I am not trying to do what the gentleman says at all.

Mr. McCORMACK. If not, I should like to be enlightened, and I am sure every other member of the committee would like to be enlightened.

Mr. GOLDSBOROUGH. I will do that if the gentleman will give me a chance. The situation is simply that in Maryland the tax has actually been levied.

Mr. McCORMACK. That is only a technicality. It has not been collected, has it?

Mr. GOLDSBOROUGH. Yes; in part.

Mr. McCORMACK. Has the Federal Government paid the money?

Mr. GOLDSBOROUGH. No; but many of the banks have paid the tax to the State.

Mr. McCORMACK. And the gentleman wants his State to retain this money and get the benefit of it, and every other State to be affected by the pending legislation?

Mr. PATMAN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. PATMAN. If this act is passed, the banks that have already paid the tax will be reimbursed from the United States Treasury.

Mr. McCORMACK. I will make no more reference to the amendment. I shall come now to the fundamentals of the measure.

Mr. Chairman, I agree with everything the gentleman from North Carolina [Mr. HANCOCK] said about the R. F. C. I agree with everything that the gentleman from Texas [Mr. CROSS] said. I agree with everything the gentleman from Wisconsin and those on the Republican side said about the great work done by the R. F. C., but the fact remains that the R. F. C. was incorporated by an act of Congress. It is a private corporation. The Federal Government, it is true, is the sole stockholder. It had, and has, great objectives. It has done a great job. On the other hand, in relation to buying preferred stock, it enters into the private field. It enters into the private field just the same as an individual who is purchasing the same stock, and there is no reason why

the Federal Government, through an instrumentality, should be exempt under such circumstances and an individual who owns shares of the preferred stock subject to State taxation.

Mr. GIFFORD. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I wonder what the gentleman's attitude is going to be so far as the processing tax is concerned?

Mr. McCORMACK. The gentleman always brings in something that is about 10,000,000 light-years away from the subject we are discussing. Let me say to the gentleman that I voted against the processing tax. Now, I yielded for a pertinent contribution and not for a political contribution. I refuse to yield further to the gentleman.

Mr. DIRKSEN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. May I say to the gentleman from Massachusetts that the R. F. C. did not enter into competition with individuals in connection with the purchase of this preferred stock. The Government went in and bought this preferred stock when individuals would not buy it, and the Government had to do so in order to save these banks.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. It is true, nevertheless, that the R. F. C. is going to collect whatever dividends may be declared on this preferred stock?

Mr. McCORMACK. That is the whole thing right there.

Mr. CHRISTIANSON. And, collecting the dividends, they should be obliged to pay the tax?

Mr. McCORMACK. That is absolutely true. Furthermore, there is a question of States' rights involved here. We talk about taxation and consider taxation today only from the angle of the Federal Government. What about the taxing power of the States? What rights have the States in the exercise of their taxing power? We have no greater right than those which have been given to the Federal Government by the sovereign States of this Union; and the sovereign States of the Union have reserved to themselves the power of taxation, except insofar as they have either expressly or by implication delegated that power to the Federal Government.

[Here the gavel fell.]

Mr. McCORMACK. I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MAY. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. MAY. If we invade the power of the States to levy local taxes to this extent, why can we not do it all along the line?

Mr. McCORMACK. That is it. There is a constitutional question raised in this bill as to whether or not we have the power to prohibit a sovereign State from exercising the power of sovereignty which it has expressly reserved to itself under the Constitution. I think the whole question could be made to rest on whether the Federal Government has the power to preclude and prohibit a State government from exercising its sovereignty with reference to the power of taxation, which it reserved to itself under the Constitution.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. That is precisely the question which the Supreme Court decided adversely to the gentleman's contention in the case decided by them just a few weeks ago.

Mr. McCORMACK. I respect the gentleman's opinion, but I do not agree with him. I am in disagreement with him in reference to that matter.

Mr. Chairman, this is a very important question. If we can give the Federal Government the power to prevent States

from levying taxes in this instance, we are doing something which is likely to bring about conditions that will create indirectly, without a constitutional amendment, a National Government, as distinguished from a Federal Government. The dual system of government under which we are operating compels us to consider these questions differently than other countries. In the consideration of this bill we have to consider the rights of a State government, as contrasted with the rights of the Federal Government. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. GOLDSBOROUGH].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 2, noes 67.

So the amendment was rejected.

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan:

Sec. 2. That, effective upon the date of enactment of this act, interest charges on all loans by the Reconstruction Finance Corporation to receivers and liquidating agents of closed banks and trust companies now in force or made subsequent to the date of enactment of this act shall be reduced from 4 percent per annum to 3½ percent per annum: *Provided*, That the rate of interest charged all debtors of such banks and trust companies in liquidation shall in no case exceed by more than 1½ percent per annum the rate of interest paid by such bank or trust company to Reconstruction Finance Corporation: *Provided, also*, That no provision of this act shall be construed to authorize a reduction in the rate of interest on such loans by the Reconstruction Finance Corporation retroactive from the date of enactment of this act.

Mr. BROWN of Michigan. Mr. Chairman, this amendment does two things. In the first place, it provides for reduction of the rate of interest paid to the Reconstruction Finance Corporation by closed banks in liquidation to a rate equal to that being paid by open banks to the Reconstruction Finance Corporation. The rate of interest charged by the Reconstruction Finance Corporation to open banks at the present time is 3½ percent, and I can see no sound or logical reason why the same rate should not apply to closed banks or banks in liquidation.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. CELLER. Does the gentleman think we should have the right to dictate to the banks the amount of interest they may charge their depositors, which always depends upon local conditions?

Mr. BROWN of Michigan. I will say to the gentleman that this does not apply to open banks. It only applies to closed banks or banks in process of liquidation.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. MICHENER. Is this the Vandenberg amendment that was offered in the Senate?

Mr. BROWN of Michigan. This is the Vandenberg amendment with an addition regarding the rate of interest to be charged by the receivers of closed banks to their debtors.

I think it is very clear that there is no reason why we should not extend the same privilege to closed banks that we do to open banks. Perhaps it might be argued that as a question of good, sound banking, an open bank is a better credit risk than a closed bank, but nevertheless the social argument impels me to the view that we ought to help these people, and I may say that the security held by the R. F. C. is so ample that there is very little likelihood of loss.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Texas.

Mr. PATMAN. Does the gentleman seriously contend that this amendment is germane to this bill?

Mr. BROWN of Michigan. I may say to the gentleman that it is too late to make any point of that kind.

Mr. PATMAN. The gentleman did not have any understanding with the other members of the committee that a point of order would not be made.

Mr. BROWN of Michigan. I have no understanding with anybody about this amendment, although I discussed it with several members of the committee. I do not yield further to the gentleman.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. MAY. I understand the gentleman's amendment simply to mean that where a receiver is in charge of a bank in liquidation the gentleman is requiring the R. F. C., if it lends money to that receiver, to charge the same rate it would to a bank that is open.

Mr. BROWN of Michigan. Yes.

On the other proposition involved there has been very little said here about a rather unfortunate class of people. These are the people who are indebted to closed banks. They are not in the same position as men who are indebted to open banks, because, as a general proposition, it is the purpose of the receivers to collect, and they are not able to renew notes as people are in open banks. It seems to me that if the Reconstruction Finance Corporation was lending money at the rate of 3½ percent, the receivers ought not to be permitted to charge more than a reasonable rate of interest, and I fixed this rate at 5 percent. Understand these banks are not going banks. They are not going to continue in existence for a very long period of time, and I think that the head of the Reconstruction Finance Corporation and the active chairman of the Committee on Banking and Currency are with me in this proposition.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. FITZPATRICK. Assuming the gentleman's amendment is carried, persons who have borrowed from closed banks, instead of paying 6 percent will pay 5 percent?

Mr. BROWN of Michigan. If they are paying 5 percent or more at the present time. It would not affect those paying below 5 percent.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. FIESINGER. The gentleman's amendment would not be retroactive in any way?

Mr. BROWN of Michigan. No.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. MAPES. And, of course, it would not apply to any new loans, because they are not making any new loans. The amendment, in other words, would simply apply to old indebtedness.

Mr. BROWN of Michigan. Yes; it would only apply to loans of that kind.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not understand just exactly what is going on here. A while ago the chairman of the committee offered an amendment that would permit the State of Maryland to collect the tax but would not permit the other States, counties, and cities to collect the tax. Of course, that amendment was defeated, and now a member of the committee offers an amendment which is clearly out of order on account of not being germane, yet no member of the committee makes the point of order or raises the question. I presume the amendment must be favored by the members of the committee, but it is outside of the scope of the bill we have before the House at this time. It relates to an entirely different matter.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Michigan. Would not the gentleman conclude from the fact that no Member made the point of order of germaneness that the committee is in favor of the amendment as submitted?

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Mr. PATMAN. This is a "pork barrel" bill, anyway. It is just a bankers' bonus bill and that is all it is, and I do not know whether you have made a canvass around and decided you needed a few extra votes and decided that if you bring in this amendment without objection, although it is clearly out of order, you would probably bring in a few more votes for the bill.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. CAVICCHIA. The gentleman speaks of the bankers' bonus. What are the bankers getting out of this?

Mr. PATMAN. If the gentleman from New Jersey does not know, I cannot tell him in 5 minutes. What do the bankers get out of the bills that the gentleman from New Jersey usually votes for? When you see him vote for a bill, the bankers have got something in it. [Laughter.] The Reconstruction Finance Corporation sells the stock, pays dividends on the stock, charges 3½ percent, and now you want to relieve them from paying taxes.

The chairman of the Committee on Banking and Currency states that the tax has already been paid in his State. If this bill becomes a law the bankers will go to the Federal Treasury and get reimbursement for what they have paid. If I am mistaken in that, I want somebody to say that I am wrong.

Mr. CAVICCHIA. I will say that the gentleman is wrong.

Mr. PATMAN. The gentleman says that because he and I always differ. [Laughter.] The fact is if this bill becomes a law, where the banks have already paid the tax they will be reimbursed. That is a fact.

Mr. WILLIAMS. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. WILLIAMS. Does the gentleman know of any State where the tax has been paid?

Mr. PATMAN. The chairman of the committee [Mr. GOLDSBOROUGH] said that the tax had been paid in his State.

Mr. WILLIAMS. Can the gentleman give us any State that has taxed this stock, outside of the State of Maryland?

Mr. PATMAN. Well, I am taking the printed record.

Mr. WILLIAMS. I want to say that there has not been a single State, outside of Maryland, that has taxed this stock.

Mr. PATMAN. The States and counties and municipalities have been waiting for the Maryland decision. They are waiting for the Congress of the United States to say whether constitutionally they will be deprived of taxing local property that is used for private profit.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. I rise to ask the chairman of the committee a question. In his remarks a short time ago he made incidental reference to an old superstition regarding the French Republic's charging rent to the American soldiers occupying the combat trenches. The gentleman did not seriously mean that?

Mr. GOLDSBOROUGH. I seriously meant that if you charge the Reconstruction Finance Corporation a tax, when it was created for the sole purpose of helping these communities, it is equivalent to that.

Mr. BIERMANN. But the gentleman did not want the Record to indicate that he, as a Member of this body, believed in that superstition that the French Government charged the American Government for the rent of trenches on the front.

Mr. GOLDSBOROUGH. I did not say that at all. I said there would be as much sense in charging the Reconstruction Finance Corporation a tax on the shares of preferred stock they own in national banks as there would have been for the French Republic to have charged the Americans for the trenches they occupied at the front.

Mr. BIERMANN. I thoroughly agree with the gentleman, and I am going to vote for the bill, but I just wanted to ask the gentleman if he wanted to have the Record indicate—

Mr. GOLDSBOROUGH. I never heard of the superstition. That was my own idea.

Mr. BIERMANN. I want to say there is no truth in it at all.

Mr. PIERCE. Was there any rent asked or charged by the French Government for the use of any land?

Mr. BIERMANN. Land in the rear where training was going on, but the superstition has persisted that the French Republic charged the American soldiers rent for the trenches while in combat, and there is not a word of truth in it.

Mr. PIERCE. How far did the charges go?

Mr. BIERMANN. For training areas.

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Is it too late to raise the point of order of germaneness of this amendment?

The CHAIRMAN. It is.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. I do not believe that the intimation of the gentleman from Texas [Mr. PATMAN] ought to pass without some challenge when he confesses that he is in some bewilderment and fog as to the procedure of the committee in not making a point of order against the amendment of my colleague the gentleman from Michigan [Mr. BROWN], because it is not germane, in his estimation, to the substance of the bill, and secondly, his confession that he does not know what is going on because of the Goldsborough amendment, which, in his judgment, was at variance with the substance of the bill. I would say to the gentleman, first of all, that Mr. GOLDSBOROUGH and Mr. BROWN are offering these amendments on their own responsibility, as I understand, and the very fact that no member of the Banking Committee has made or reserved a point of order is indicative, first of all, of a happy and felicitous esprit de corps that exists among the members of the Banking Committee. We are in no mood to stifle any legislation, and we feel this case ought to be fully and fairly and freely discussed. We are willing to allow these amendments to come on the floor because we have great regard for the wisdom and perception and judgment of the House. I think, in a measure—in large measure—that will explain the reason for these amendments and the fact that no point of order was reserved.

Mr. PATMAN. The gentleman is a good parliamentarian. Is it not his judgment that this amendment is clearly out of order?

Mr. DIRKSEN. I quite agree with the gentleman.

Mr. PATMAN. And yet no member of the Banking Committee raised the point of order.

Mr. DIRKSEN. Why did not the gentleman from Texas raise the point of order?

Mr. PATMAN. We were waiting for the committee who have the leadership of the bill.

Mr. KELLER. I rise in opposition to the pro-forma amendment.

Mr. LAMNECK. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. LAMNECK. Under the rules we are entitled to 5 minutes' debate in favor of an amendment and 5 minutes in opposition to it. That time has been consumed, and my point of order is that this amendment must be voted on before we have any further debate.

Mr. KELLER. Very well; if that is the rule, I am willing to abide by it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BROWN of Michigan) there were—ayes 43, noes 56.

So the amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. PETTENGILL: Page 2, after line 11, add a new section, as follows:
"Sec. 2. This act shall cease to be in effect 2 years from the date of its enactment."

Mr. PETTENGILL. Mr. Chairman—

Mr. GOLDSBOROUGH. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. PETTENGILL].

The amendment was agreed to.

Mr. McLAUGHLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN: Page 2, line 3, after the word "Corporation", insert "or the shares of preferred stock of any State bank held by the Reconstruction Finance Corporation as collateral to any loan to or for the benefit of such State bank and any dividends derived therefrom."

Mr. GOLDSBOROUGH. Mr. Chairman, the committee has no objection to the amendment.

Mr. HOLLISTER. Mr. Chairman, I would like to ask the gentleman from Maryland if he is going to say the committee has no objection to amendment after amendment, without consulting other members of the committee? I never even heard of this amendment before. I reserve a point of order against the amendment.

Mr. GOLDSBOROUGH. I beg the gentleman's pardon. I thought he understood the amendment.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent that the amendment may again be reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Nebraska [Mr. McLAUGHLIN].

There was no objection.

The Clerk again reported the amendment offered by Mr. McLAUGHLIN.

Mr. HOLLISTER. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. McLAUGHLIN. Will the gentleman reserve his point of order?

Mr. HOLLISTER. If the gentleman wants to discuss the matter, I will reserve the point of order. I expect to insist upon it later, however. I do not withdraw it.

Mr. TABER. Will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. TABER. The amendment which the gentleman has offered, if it were germane, would create discrimination between stockholders in national banks who have pledged their stock to the Reconstruction Finance Corporation and stockholders of State banks who have pledged their stock to the Reconstruction Finance Corporation?

Mr. McLAUGHLIN. I think if the gentleman will permit me to explain the situation, that will be ironed out.

Mr. Chairman, this amendment, which affects particularly the State which I represent, the State of Nebraska, is intended to put the State banks of Nebraska in the same position as State banks in other States. I am not here to argue in favor of the passage of the bill. I am merely here to offer an amendment, which, if the bill is passed, will put the State banks of the State of Nebraska in the same favorable position regarding taxation as that now enjoyed by the State banks of other States.

Mr. WOLCOTT. Will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. WOLCOTT. Does the gentleman not think that is a matter for the State Legislature of Nebraska rather than for the Congress of the United States?

Mr. McLAUGHLIN. No; I do not believe so. It is a situation which is a practical one. Under the constitution of the State of Nebraska, double liability is imposed upon the holders of preferred stock in State banks.

In view of that situation, the Reconstruction Finance Corporation refused to purchase any of the preferred stock of the State banks in the State of Nebraska. That being the situation, it was necessary for the State banks, under an agreement with the Reconstruction Finance Corporation, to issue the preferred stock to an individual and to have that individual make application for a loan, based upon that stock as collateral, to the Reconstruction Finance Corporation. That plan was carried out, but the resulting situation is that the stock held by the individual is taxed, whereas if the stock were held by the Reconstruction Finance Corporation, it would not be taxed if this bill should be passed.

This amendment is merely intended to remove a discrimination and allow State banks of Nebraska to be freed from taxes on preferred stock which, in reality, is owned by the Reconstruction Finance Corporation in the same manner as State banks in all other States are freed from such taxes. The provision of the State constitution makes it necessary that the stock be held by an individual rather than by the Reconstruction Finance Corporation.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McLAUGHLIN. I yield.

Mr. SNELL. What about the man who borrows money to buy preferred stock in a national bank?

Mr. McLAUGHLIN. I am not aware that the double liability exists in the case of preferred stock in national banks.

Mr. SNELL. But he would have to pay the full rate of interest in taxes on his bank stock as a whole. You are creating another special class, it seems to me, by your amendment.

Mr. McLAUGHLIN. I do not so construe it, with all due respect to the distinguished gentleman from New York, for the reason that this situation does not exist in the case of national banks. In fact, it does not exist in the case of State banks, except in States like Nebraska, which happen to have a constitutional provision making impossible, in practice, the purchase of preferred stock in State banks by the Reconstruction Finance Corporation.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. McLAUGHLIN. Mr. Chairman, I take the position that the amendment is perfectly in order. It is germane to the subject of the bill itself.

Mr. HOLLISTER. May I be heard on the point of order, Mr. Chairman?

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. HOLLISTER. Mr. Chairman, this bill is a bill relating to the taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation. The amendment offered by the gentleman from Nebraska is to exempt certain securities when pledged with the Reconstruction Finance Corporation. The ownership of stock, notes, and debentures is an essentially different thing from the pledging of stocks, notes, and debentures. The bill is a bill providing for exemption from taxation of stocks, notes, and debentures when owned. The amendment is to exempt them when pledged with the Reconstruction Finance Corporation, an entirely different matter, and, therefore, not within the subject matter of the bill and not germane.

The CHAIRMAN. The Chair thinks the amendment opens an entirely new field that is not germane. The Chair, therefore, sustains the point of order.

Mr. PATMAN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

By Mr. PATMAN: I move that the Committee do now rise and report the bill back with the recommendation that the enacting clause be stricken out.

Mr. PATMAN. Mr. Chairman, if we could accomplish anything by discussing this bill longer, I would not make this motion; but we see now the type of legislation we are enacting and the different types of amendments that will be offered. The amendments that have been offered are just a sample of others that will be offered. It seems that everyone wants his own State exempted from the provisions of the law.

This bill contains a bad precedent. This bad precedent is the exemption of private property from taxation. A national bank is a privately owned institution. It is owned by private individuals. It is private property; it is used for private profit. All the earnings made by a national banking institution go to the owners of the institution.

The bill under consideration, if enacted into law, would cause Congress to say to a city, a county, or any other local taxing subdivision of a State, that it can make different peo-

ple pay taxes, but not the national banks. Let us consider this illustration: A national bank with a capital of \$500,000 has sold half of its stock to the Reconstruction Finance Corporation. It still remains, however, a privately owned institution, the owners of which will still get the profits made by the institution. It is receiving great benefits from the Government through the low interest rate of 3½ percent. We are being asked now to vote for a bill that will not only permit them to continue receiving the 3½ percent but which will cause to be nontaxable the private property on which the loan or grant has been extended. If we were to put the farmers in the same situation that this bill places the national banks, we would lend them money on their farms at 3½ percent and then exempt their farms from local taxation. It is not sound. It is a bad precedent. It is assuming authority and jurisdiction which the Congress of the United States should not assume; it amounts to going into local communities and telling the authorities that they cannot tax this property.

As I said a while ago, the State bank with a \$1,000,000 capitalization which sells its note for \$1,000,000 to the Reconstruction Finance Corporation, continues to pay taxes on its capital stock the same as it always has. In the same community across the street is a national bank with a \$2,000,000 capitalization. It sells \$1,000,000 of stock to the Reconstruction Finance Corporation. Under this bill you are giving the national bank a 50-percent tax reduction, but you are not giving the State bank any tax reduction; you are charging them just the same. Other people who hold preferred stock in the national bank, the same kind of stock held by the Reconstruction Finance Corporation, must continue to pay local taxes, but you are going to exempt the Reconstruction Finance Corporation.

Why is this bill proposed? There is only one reason, and that is that you do not want the Reconstruction Finance Corporation to use its earnings for the purpose of paying these taxes.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I do not propose to take any part in the discussion with reference to the merits of this bill, but I do not believe that the motion of the gentleman from Texas—and I have the greatest respect for his opinion, for I know he is a great student of financial and currency questions—should prevail. Very often I have agreed with him in his views, but here is a bill that comes to us upon the earnest request of the Chairman of the Reconstruction Finance Corporation. The Committee on Banking and Currency considered the bill. I understand hearings were held.

Mr. PATMAN. They were not printed, however.

Mr. BANKHEAD. I understand the hearings were not printed, but I imagine that was for the reason that the bill was reported unanimously by both the Democratic and Republican members of the Committee on Banking and Currency and they probably assumed, therefore, that there was no controversy with reference to its merits. The hearings were not printed, but this is not unusual under such circumstances.

Mr. KLEBERG. Mr. Chairman, will the gentleman yield right there?

Mr. BANKHEAD. I yield.

Mr. KLEBERG. This bill was also passed by the Senate, was it not?

Mr. ZIONCHECK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ZIONCHECK. The gentleman from Texas referred to the passage of the bill by the Senate. This is no proof of the merits of the bill, and should not be mentioned in the first place. It is a reflection upon the House.

The CHAIRMAN. The gentleman has not stated a point of order.

Mr. BANKHEAD. Mr. Chairman, where there is real, genuine controversy with reference to any bill pending on the floor of the House, although it is a short cut for the disposition of it, a motion to strike out the enacting clause is not

the method whereby the real sentiment and judgment of the Members of the House can be expressed. As I say, this is a bill of much importance, affecting the financial credit of the Reconstruction Finance Corporation and its successful operation.

This is one institution that is of bipartisan origin. There are no politics involved at all in the operation of the Reconstruction Finance Corporation. It was organized under the Hoover administration, it was continued and enlarged under the Democratic administration, and I think it has accomplished great results in the rehabilitation and reestablishment of the credit and confidence of the country.

Mr. Chairman, here is a bill presented with some reason. I respect the difference of opinion of my colleagues upon it, but I trust we will not undertake to dispose of the merits of this bill on a motion to strike out the enacting clause, but let its merits be submitted to the judgment of the House upon a record vote, if necessary, as a matter of record, and let us not decide it in Committee.

Mr. PATMAN: Will the gentleman yield?

Mr. BANKHEAD: I yield to the gentleman from Texas.

Mr. PATMAN: If we can secure unanimous consent to close the debate in a reasonable time, I would be inclined to withdraw the motion.

Mr. BANKHEAD: Debate on the motion will close when I conclude.

Mr. PATMAN: I mean on the bill as a whole.

Mr. BANKHEAD: I am not in position to make an agreement. I am not in charge of the bill. I am simply expressing my own opinion.

[Here the gavel fell.]

The CHAIRMAN: The question is on the motion of the gentleman from Texas.

The motion was rejected.

The Clerk read as follows:

Sec. 3. If any provision, word, or phrase of this act, or the application thereof to any condition or circumstance, is held invalid, the remainder of the act, and the application of this act to other conditions or circumstances, shall not be affected thereby.

The CHAIRMAN: Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 11047) relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by Reconstruction Finance Corporation and reaffirming their immunity, pursuant to House Resolution 427, he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER: Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. PATMAN: Mr. Speaker, I offer a motion to recommit.

The SPEAKER: Is the gentleman opposed to the bill?

Mr. PATMAN: I am opposed to the bill.

The Clerk read as follows:

Mr. PATMAN moves to recommit the bill H. R. 11047 to the Committee on Banking and Currency.

Mr. GOLDSBOROUGH: Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER: The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 78, noes 102.

So the motion to recommit was rejected.

The SPEAKER: The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 111, noes 89.

Mr. PATMAN: Mr. Speaker, I make the point of order that there is not a quorum present, and I object to the vote on that ground.

The SPEAKER: The Chair will count. [After counting.] Two hundred and nineteen Members are present, a quorum.

Mr. PATMAN: Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 165, nays 175, not voting 90, as follows:

[Roll No. 24]

YEAS—165

Adair	Cullen	Hobbs	Plumley
Allen	Cummings	Hollister	Rabaut
Andrew, Mass.	Curley	Jacobsen	Ramsay
Arends	Daly	Johnson, W. Va.	Ramspeck
Bankhead	Deen	Keller	Randolph
Barden	Delaney	Kenney	Rayburn
Bell	Dempsey	Kleberg	Reilly
Biermann	Dickstein	Kloeb	Richardson
Bland	Dingell	Kocialkowski	Romjue
Bloom	Dirksen	Kopplemann	Rudd
Boland	Dobbins	Kramer	Russell
Boykin	Dondero	Larrabee	Sadowski
Brooks	Doughton	Lea, Calif.	Schaefer
Brown, Ga.	Drewry	Lehibach	Schuetz
Brown, Mich.	Driscoll	Lewis, Colo.	Sears
Buck	Duffy, N. Y.	Lewis, Md.	Seger
Burnham	Duncan	McAndrews	Sirovich
Caldwell	Eckert	McGrath	Slisson
Carmichael	Edmiston	McLaughlin	Smith, Conn.
Cary	Eicher	McLean	Smith, Va.
Casey	Englebright	McLeod	Smith, W. Va.
Cavichia	Evans	McMillan	Snyder, Pa.
Celler	Faddis	McReynolds	Somers, N. Y.
Chandler	Farley	Maloney	Spence
Church	Ferguson	Martin, Colo.	Summers, Tex.
Citron	Fitzpatrick	Mason	Sutphin
Claiborne	Flannagan	Meeks	Thom
Clark, N. C.	Ford, Calif.	Merritt, N. Y.	Thomason
Cochran	Gifford	Millard	Vinson, Ga.
Coffee	Goldsborough	Norton	Vinson, Ky.
Colden	Green	O'Connell	Wadsworth
Cole, N. Y.	Greenwood	O'Day	Warren
Collins	Greever	O'Leary	Welch
Cooley	Gregory	O'Neal	West
Cooper, Tenn.	Haines	Owen	Whelchel
Costello	Hancock, N. Y.	Parks	Whittington
Creal	Hancock, N. C.	Parsons	Wilcox
Crosby	Harlan	Pearson	Williams
Cross, Tex.	Harter	Perkins	Wolcott
Crosser, Ohio	Hennings	Peterson, Fla.	
Crowe	Hess	Peterson, Ga.	
Crowther	Hill, Ala.	Peyser	

NAYS—175

Amle	Gasque	Lundeen	Rogers, Mass.
Andresen	Gilchrist	McClellan	Rogers, Okla.
Andrews, N. Y.	Gildea	McCormack	Ryan
Ashbrook	Gillette	McFarlane	Sanders, Tex.
Ayers	Gingery	McKeough	Schneider, Wis.
Barry	Goodwin	McSwain	Schulte
Beam	Granfield	Maas	Scott
Binderup	Gray, Pa.	Mahon	Secrest
Blackney	Greenway	Main	Shanley
Blanton	Griswold	Mapes	Shannon
Boehne	Guyer	Marcantonio	Short
Bolleau	Gwynne	Marshall	Smith, Wash.
Brewster	Halleck	Martin, Mass.	Snell
Buckler, Minn.	Hamlin	Massingale	South
Burdick	Hart	May	Stack
Cannon, Mo.	Healey	Michener	Stefan
Cannon, Wis.	Higgins, Conn.	Mitchell, Ill.	Stubbs
Carpenter	Higgins, Mass.	Mitchell, Tenn.	Taber
Carter	Hildebrandt	Monaghan	Tarver
Cartwright	Hill, Knute	Moran	Taylor, S. C.
Castellow	Hoffman	Moritz	Taylor, Tenn.
Christianson	Holmes	Mott	Terry
Colmer	Hook	Murdock	Thompson
Cooper, Ohio	Hope	Nelson	Thurston
Cravens	Houston	Nichols	Tinkham
Crawford	Huddleston	O'Brien	Tobey
Darden	Hull	O'Malley	Tolan
Darrow	Imhoff	Patman	Treadway
Dies	Johnson, Okla.	Patterson	Turner
Ditter	Johnson, Tex.	Patton	Umstead
Dorsey	Jones	Pettengill	Wallgren
Doxey	Kahn	Pierce	Wearin
Duffey, Ohio	Kelly	Pittenger	Weaver
Dunn, Miss.	Kennedy, Md.	Polk	Werner
Dunn, Pa.	Kinzer	Powers	White
Eagle	Kniffin	Rankin	Wigglesworth
Eaton	Knutson	Ransley	Wilson, La.
Ekwall	Lambeth	Reece	Wolfenden
Engel	Lamneck	Reed, Ill.	Wolverton
Fiesinger	Lanham	Reed, N. Y.	Wood
Fletcher	Lemke	Rich	Woodruff
Focht	Lord	Robertson	Young
Ford, Miss.	Luckey	Robinson, Utah	Zioncheck
Fulmer	Ludlow	Robson, Ky.	

NOT VOTING—90

Bacharach	Disney	Kerr	Sabath
Bacon	Dockweiler	Kvale	Sanders, La.
Beiter	Doutrich	Lambertson	Sandlin
Berlin	Driver	Lee, Okla.	Sauthoff
Bolton	Ellenbogen	Lesinski	Scrugham
Boylan	Fenerty	Lucas	Starnes
Brennan	Fernandez	McGehee	Steagall
Buchanan	Fish	McGroarty	Stewart
Buckbee	Frey	Mansfield	Sullivan
Buckley, N. Y.	Fuller	Maverick	Sweeney
Bulwinkle	Gambrill	Mead	Taylor, Colo.
Burch	Gassaway	Merritt, Conn.	Thomas
Carlson	Gavagan	Miller	Tonry
Chapman	Gearhart	Montague	Turpin
Clark, Idaho	Gehrmann	Montet	Underwood
Cole, Md.	Gray, Ind.	O'Connor	Utterback
Connelly	Hartley	Oliver	Walter
Corning	Hill, Samuel B.	Palmisano	Wilson, Pa.
Cox	Hoeppel	Pfeiffer	Withrow
Culkin	Jenckes, Ind.	Quinn	Woodrum
Dear	Jenkins, Ohio	Richards	Zimmerman
DeRouen	Kee	Risk	
Dietrich	Kennedy, N. Y.	Rogers, N. H.	

So the bill was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Lucas (for) with Mr. Carlson (against).
 Mr. Boylan (for) with Mr. Wilson of Pennsylvania (against).
 Mr. Maverick (for) with Mr. Withrow (against).
 Mr. Kennedy of New York (for) with Mr. Culkin (against).
 Mr. Gavagan (for) with Mr. Lambertson (against).

General pairs:

Mr. Burch with Mr. Bacharach.
 Mr. Corning with Mr. Jenkins of Ohio.
 Mr. Oliver with Mr. Merritt of Connecticut.
 Mr. Buchanan with Mr. Stewart.
 Mr. Beiter with Mr. Fish.
 Mr. Mansfield with Mr. Bolton.
 Mr. Richards with Mr. Hartley.
 Mr. Steagall with Mr. Bacon.
 Mr. Woodrum with Mr. Hope.
 Mr. Mead with Mr. Buckbee.
 Mr. O'Connor with Mr. Doutrich.
 Mr. Montague with Mr. Gearhart.
 Mr. Miller with Mr. Fenerty.
 Mr. Driver with Mr. Risk.
 Mr. Cox with Mr. Gehrmann.
 Mr. Dockweiler with Mr. Thomas.
 Mr. Bulwinkle with Mr. Sauthoff.
 Mr. Fernandez with Mr. Turpin.
 Mr. Taylor of Colorado with Mr. Kvale.
 Mr. Sullivan with Mr. Kee.
 Mr. Rogers of New Hampshire with Mr. Gasque.
 Mr. Brennan with Mrs. Jenckes of Indiana.
 Mr. Sanders of Louisiana with Mr. McGehee.
 Mr. Dear with Mr. Walter.
 Mr. Berlin with Mr. Montet.
 Mr. Fuller with Mr. Gray of Indiana.
 Mr. Chapman with Mr. Pfeiffer.
 Mr. Sandlin with Mr. Cole of Maryland.
 Mr. Starnes with Mr. DeRouen.
 Mr. Zimmerman with Mr. Tonry.
 Mr. Gambrill with Mr. Frey.
 Mr. Quinn with Mr. Buckley of New York.
 Mr. Samuel B. Hill with Mr. Gassaway.
 Mr. Kerr with Mr. Clark of Idaho.
 Mr. Connelly with Mr. Scrugham.
 Mr. Disney with Mr. Sweeney.
 Mr. Lee of Oklahoma with Mr. Wilson of Louisiana.
 Mr. Ellenbogen with Mr. Palmisano.
 Mr. Sabath with Mr. Dietrich.
 Mr. McGroarty with Mr. Utterback.
 Mr. Dorsey with Mr. Lesinski.

Mr. HEALEY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. CONNERY, is unavoidably absent. If present, he would vote "nay."

Mr. O'MALLEY. Mr. Speaker, my colleague the gentleman from Wisconsin, Mr. SAUTHOFF, is unavoidably absent. If present, he would vote "nay."

The result of the vote was announced as above recorded.

A motion to reconsider (by Mr. PATMAN) was laid on the table.

RESTRICTION OF LANDS OF FIVE CIVILIZED TRIBES

The SPEAKER laid before the House the following privileged resolution.

The Clerk read as follows:

Senate Concurrent Resolution 32

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931.

Mr. SNELL. Mr. Speaker, what is this resolution about?

The SPEAKER. The Chair understands that in the enrollment of this bill a mistake was made in the spelling of a word. This simply brings the bill back in order to make the correction.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. FADDIS. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of matters on the Speaker's desk, I may be allowed to address the House for 10 minutes following the pending special order.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MRS. FRED P. MOERSCH

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on two separate subjects.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MAAS. Mr. Speaker, an incident happened recently abroad which, while fortunately has ended happily for all concerned, nevertheless demonstrates the fine courage of an American woman in the face of a mob gone wild.

It was the presence of mind and the unflinching courage of this Minnesota woman that prevented a more serious outcome of the incident.

Last September Dr. Fred P. Moersch, of the Mayo Clinic, Rochester, Minn., went abroad with his wife and Dr. and Mrs. Bolman, also of Rochester, Minn. Dr. Moersch took his automobile along. The doctors wished to visit the University of Padua, Italy. At Munich, Germany, they were advised by the American consul that he could not see any reason why the party should not go to Padua, but he advised that they register at the American consulate at Milano.

On their way to Milano they stopped on the evening of their arrival upon Italian soil at Padua, intending to stay there overnight and proceed the following morning to Milano.

While the two doctors went to register at the hotel the two ladies were left seated in the car a short distance away from the hotel. A group of students passing the car and noticing the international license and an American flag unfurled on the automobile for some reason mistook the party and car as British and immediately started a demonstration which attracted more and more people. Some person slashed the automobile tires, and finally one student jumped upon the running board and tore down the American flag. Mrs. Moersch thereupon jumped out of the car and gave the student, who still had the flag, several slaps on the ears and commanded him with outstretched arm to put the flag back in its place. Only after the chief of police and the prefect of Padua arrived on the scene could the mob be dispersed. Dr. Moersch had the greatest difficulty in reaching the side of his wife. He vigorously waved his American passport.

None of the officials could talk English, and the prefect had the party asked through an interpreter: "You claim to be Americans; if so, why do you talk English?"

The police, after being satisfied that a serious mistake had been made, of course, apologized and brought the party to the hotel. They also had the automobile reconditioned during the night and sent the travelers on their way the next morning under police protection to Milano. Here the party entered a formal protest with the American consul.

The matter has all been adjusted satisfactorily in the meantime, but it is certainly worthy of note that this American lady had both the devotion and the courage in the face of an angry mob to jump out of her automobile and box the ears of one who insulted her country's flag.

EXTENSION OF REMARKS

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered on Lincoln's birthday by my fellow townsman, J. A. Nelson.

Mr. RICH. Mr. Speaker, reserving the right to object, who is the gentleman referred to?

Mr. BIERMANN. He is the principal Republican of my city.

Mr. RICH. Mr. Speaker, I shall have to object to that request.

PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent that on tomorrow, following the special orders that have been granted for that day, I may address the House for 10 minutes.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object to this request, but I shall be compelled to object to any further requests, because the Subcommittee on Agriculture of the Committee on Appropriations must proceed with the consideration of its bill tomorrow as soon as possible.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

AMERICANISM

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a radio speech recently made by myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered February 22, 1936, over the radio:

At the outset of my remarks I want to express my pleasure upon being selected by the National Americanism Committee of the Junior Chamber of Commerce of the United States to speak on this occasion, concluding their program of the past 10 days on Americanism.

This fine organization of young Americans, appreciating the values of our institutions of government, have conducted a Nationwide campaign "to publicize and popularize the fundamental principles of real Americanism." The constructive efforts of this organization come at a most appropriate time of the year, starting on February 12, the birthday anniversary of the Savior of our Country, Abraham Lincoln, and ending today, the birthday anniversary of the Father of our Country, the immortal Washington. Such a program, no matter by whom conducted, is a lesson to all Americans. I hope that this program will be conducted each year and that other organizations will also engage each year in similar efforts.

In the brief time allotted, it is impossible to discuss the subject assigned to me, My Conception of National Americanism Week, as fully as I would like to do so. What is this country that Washington and his contemporaries fought to establish; that Lincoln and his contemporaries fought to preserve; and that past generations of Americans have in their day preserved and passed on to us, unimpaired in form and in substance? It is a Government that struggling mankind for countless of generations prior to 1789 have sought to attain. It is a Government which recognizes that the individual possesses certain civil rights which cannot be impaired or destroyed, and which the sovereign power of America, the people collectively, speaking through the Constitution, have protected against even government itself. In our country, the people collectively, and not government, are supreme. Government is a delegated agency, to serve, and not to master, the people. It must act within the powers conferred upon it by the Constitution. The Constitution grants in some legislative fields, and limits in other fields, the powers and duties of government. It is a democracy, the only form of government, where one exists in substance, under which the civil rights, commonly called natural rights, can permanently exist.

As we view world conditions today we clearly see evidences of a disturbed state of mind, due to many conditions, mainly economic. Since the World War, and particularly within the past several years, we have seen throughout the world governments changed or overthrown. We have witnessed in place thereof the establishment of some kind of dictatorship. In these countries different factors may have influenced the change, but the result invariably has been the same. Individual rights have been destroyed. A dictator cannot exist where opposition exists, or even where any form of possible opposition might develop. Individual rights cannot exist under a dictatorship. Under such a form of government, the state, represented by the dictator, and the small group that keeps him in power, whether a nationalist party, nobility, group of any kind, or the army, is the sovereign power—the master. The people are the servants. In a democracy the opposite is true. Even in a beneficent dictatorship, few of which exist, the few individual rights that still prevail, exist, not as a matter of right, but by sufferance of the dictator.

In those countries where some form of a dictatorship exists we have seen persecution, oppression, and fear prevalent, either among all or a portion of the people. Public opinion is stifled. Rights recognized as inherent in the individual are destroyed. Protected civil rights of the individual and a dictatorship cannot exist at the same time. What privileges exist are permitted only by sufferance, and whenever their continuance commences to interfere with dictatorial government they can be and are destroyed. Democratic countries always have a government based upon extensive suffrage, with its lawmaking machinery consisting of a legislative body, chosen by the people in a free election. A true democracy is found in countries where popular education is widespread and where an active public opinion not only is permitted to exist but does exist.

The personal rights of the individual citizen are respected and carefully protected by constitutional enactments concerning freedom of a religious conscience, the free exercise thereof; freedom of speech, of the press; freedom from arbitrary arrest and imprisonment; the right of a trial by jury; of the right of proper individual initiative; and to protection of property legally obtained and possessed; of the sacredness of marriage and the sanctity of the home; and of the other great rights enumerated in the Constitution necessary for the existence of a free people. The police exist to watch criminal classes rather than to control the people. Their purpose is to maintain internal order, an essential function of any government. In a democracy, government flourishes for the purpose of serving the governed, by whose consent it exists. Under our form of government the state has certain duties to perform, but the individuals possess certain rights that can only be taken away by the people themselves, acting in accordance with the Constitution. As we view world conditions, and the happenings in governments where a dictatorship exists, we find conditions the opposite of what we enjoy by constitutional right. In all such countries freedom of speech and of the press are nonexistent. The only freedom that exists in this respect is what the dictator will permit. History and experience have shown that where discussion is used in place of force as a means of solving the problems of our times, social and political stability is enhanced. We also see the attempt to destroy the right of a free religious conscience. In some dictatorial countries it is evidenced by outright prohibition, in another by attempting to nationalize religion, making it simply a department of government, and to ultimately impose upon its people, without regard to their opinions, one religion, that of the state; in another the hypocrisy of allowing religious freedom but denying the free exercise thereof; and in others some degree of religious freedom exists only because it has not as yet come in conflict with the wishes or the will of the dictator.

Spiritual advisers have been arrested, jailed, persecuted, simply because their religious views interfered with the wish or will of the dictator. Wherever a dictatorship exists, whether of the proletariat, of military, or of any other kind, freedom of the individual in the possession of those rights essential to life, liberty, and pursuit of happiness either has been destroyed or permitted to exist only by sufferance. It is very significant to note that where dictatorships exist today the history and tradition of the people of such countries were definitely linked up in the past with a strong military control. In any event, their history has shown very little if any effort in the experiment of democratic government. It also must be borne in mind that under our form of government the machinery exists, as a matter of right of the people, to make necessary adjustments of our laws to the economic or social changes that are constantly taking place. The success of the exercise of this power, the right of suffrage in the selection of our representatives, depends in the main upon an honest and enlightened public opinion—in the average citizen performing his duty in a fearless and courageous manner.

In talking to you tonight I am able to do so because it is my constitutional right to express my opinions, which right cannot be taken away from me by government so long as I do so within the law. If I were a subject of a country wherein a dictator was supreme, for daring tonight to express the opinions that I have, I would be arrested and imprisoned. Throughout this great land are persons of all religious beliefs, safe in the possession and expression of their views. And yet in other lands are people persecuted, arrested, jailed, for daring to entertain and express a free religious conscience. The same situation applies to other great human rights that we possess, and which the peoples of all lands should and, I hope, some day will possess. Viewing impersonally the strength and weaknesses of the various forms of governments—democracy, dictatorship, oligarchy, autocracy—the democratic government is the form that brings to a people the greatest degree of satisfaction and of service.

Despite the civil rights that we possess, there are some within our borders who would like to destroy what Washington and his contemporaries builded, which Lincoln and his contemporaries preserved, and which we possess. In the defense of that which we possess, we should not and cannot distinguish between enemy from within or from without. As a matter of fact, the one who accepts the benefits of our institutions, and undertakes to use those benefits to destroy, is far more dangerous and sinister in his objectives than the enemy from without. I recognize the right of any person, organization, or movement to advocate any change in which he believes, or they believe, provided such advocacy of change is within the law. I do not recognize the right of any person, or movement, to advocate the immediate or ultimate overthrow of our Government by force and violence. That is not freedom of speech or of the press. It is uncontrolled license. There are elements in this

country whose views are antisocial to our theory of government, and who are attempting to carry their views into effect by force. Some are citizens and some are aliens. The alien in this country who is law abiding is respected, but the alien in this country who advocates the overthrow of our Government by force and violence, when apprehended, should be deported at once. The same applies also to the criminal alien. Why should we permit such persons, who are avowed enemies of our Government, to remain in this country? Legislation is pending which should be passed by this Congress strengthening our immigration laws in this respect.

The citizen who advocates the overthrow of Government by force and violence should be made subject to proper legislation, the purpose of which is to protect the rights of the American citizen who loves his country. In no other country of the world would conditions such as exist in this country be tolerated. The constitutional means exist to bring about orderly changes of government. When we compare the rights of the individual in the United States with those of dictatorial countries, we profoundly appreciate what it means to be an American citizen.

We have our problems to meet. So did past generations of Americans. In their day they had depressions and great questions arising therefrom, which had to be met and decided. History shows that they performed their duty well. We of this generation have great problems confronting us, which we must meet and decide, not only for our best interests but for the best interests of the generations to come. The past generations met their problems effectively and successfully, as a free people, as a result of honest differences of opinion being capable of expression, of the feeling of satisfaction with the possession of the great rights to which I have referred. Each generation passed on to the next generation the fundamental rights of a free people preserved and the structure, called government, improved upon.

We of today will meet our problems in the same way, passing on to Americans yet unborn preserved the glorious democracy that we inherited.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert a very valuable statement of my colleague, the gentleman from Texas [Mr. DIES].

Mr. ZIONCHECK. Reserving the right to object, Mr. Speaker, what is this about?

Mr. BLANTON. It is about the granting of American jobs to people who are not American citizens.

Mr. MARCANTONIO. I object, Mr. Speaker.

Mr. BLANTON. All right; if the gentleman does not want to protect American citizens.

Mr. MARCANTONIO. I object, Mr. Speaker.

PERMISSION TO ADDRESS THE HOUSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, yesterday afternoon I was out of the Chamber attending important committee duties, and during that time the distinguished gentleman from Georgia [Mr. TARVER] made certain comments upon another gentleman who obviously, by clear inference from the RECORD itself, was intended to be the senior Senator from South Carolina, the Honorable ELLISON D. SMITH.

Waiving the matter of propriety in that respect, I question the propriety of the impeachment of the good faith of Senator SMITH with reference to his attitude on pending legislation. I submit that the statement that Senator SMITH is a large landowner and, therefore, that he represents the landowners rather than the farmers generally, and that he is personally interested by this fact to the extent that he would favor the landowner in legislation as against the tenant, is not justified by the record, nor by his long service in behalf of all farmers.

I must say that Senator SMITH has been the unselfish evangelist of the cause of the cotton farmer—of all cotton farmers from one end of the Cotton Belt to the other—for more than 30 years. He has been elected by the people of South Carolina to the United States Senate five times. He is not what would be called a large landowner as we understand that term.

Mr. ZIONCHECK. Point of order, Mr. Speaker.

Mr. McSWAIN. I do not yield, Mr. Speaker.

Mr. ZIONCHECK. I make the point of order, Mr. Speaker, that reference is being made to another body, and the gentleman is talking about a Senator.

The SPEAKER. The point of order is overruled. The gentleman from South Carolina will proceed.

Mr. ZIONCHECK. And talk about another body and another Senator?

The SPEAKER. The Chair has ruled. The gentleman from South Carolina has the floor.

Mr. McSWAIN. The distinguished gentleman and Senator to whom I have been referring is not a large landowner in the ordinary sense. He has not communicated with me today nor have I communicated with him directly or indirectly about this or any other matter. On the issue or merits of this controversy I am not debating. I believe Senator SMITH has been misunderstood, for I believe he is the true and loyal friend of the small farmer.

While I live about 200 miles from where Senator SMITH lives, I now state, from my own information, that he owns only 800 acres of land, and perhaps 25 to 30 percent of it is swampland and not cultivatable. I was informed many years ago that Senator SMITH inherited this farm from his father and mother and in fact that this land has been in his family for nearly 200 years. I own more land than Senator SMITH does, and yet I cannot get enough rent from it to pay the taxes.

AMERICAN JOBS TO PEOPLE WHO ARE NOT AMERICAN CITIZENS

Mr. BLANTON. Mr. Speaker, I renew the request I made a moment ago that I may insert in the RECORD a very valuable statement by my colleague, Mr. DIES, of Texas.

The SPEAKER. Is there objection?

There was no objection.

The statement of the gentleman from Texas [Mr. DIES] is as follows:

[From the Washington Herald of Sunday, Feb. 23, 1936]

OVER MILLION ALIENS SEEK ENTRY TO UNITED STATES DESPITE OUR UNEMPLOYMENT, SAYS DIES—BESIDES, THOUSANDS FLOCK IN FROM NONQUOTA COUNTRIES OF WESTERN HEMISPHERE

By MARTIN DIES, Congressman from Texas

While 8,000,000 employable Americans are jobless, aliens continue to pour into this country, and more than a million await a chance to enter.

The number desiring to come and take jobs from Americans probably very greatly exceeds a million. American consuls in 47 out of the 68 quota countries state that 992,000 aliens in those lands are anxious to enter the United States; and there are no quota restrictions for nations of the Western Hemisphere. Immigrants from Canada, Mexico, and Latin America are free to come in anytime they desire.

During the worst years of the depression, 1931-34—while all other countries did all they could to save jobs for their own citizens—594,766 aliens tried to enter this country legally. With business improvement, the number of alien arrivals has increased proportionately.

The instruction for "strictness" issued by the State Department to its consuls can be relaxed at any time, allowing 150,000 new immigrants a year from Europe.

Since we began to put up immigration barriers—though weak ones—it is estimated that more aliens have entered the country illegally than have come through regular channels. They flooded the southern border so rapidly that in 1929 the Secretary of Labor said, "We estimate that more than a million Mexicans are here illegally."

If prosperity returns, then lack of information or indifference by our citizens, and laxity and unwarranted sentimentality in administration, will permit an inflow of millions of aliens within a few years. Thus, instead of correcting, we would permit the continuation—and fix as permanent—an injustice to our own workers, which will lower their standards of living.

Most certainly after our recent lesson we should not want to "import more unemployment."

Those citizens are falsely reassured who think the immigration problem is being solved by present laws. They are evaded. Consider some of the loopholes:

There are only 800 men on patrol on our 10,000 miles of Mexican, Pacific, Canadian, and Atlantic borders.

According to the Commissioner of Immigration's report for 1934, there were 20,560,826 aliens' entrance examinations at our borders that year. Some, of course, came and went daily. But according to the report most of those entering were not "manifested." They merely waved a card and passed the barrier; no check was made as to whether they returned.

MANY ALIEN SEAMEN DESERT IN UNITED STATES PORTS

Also from that report: 127,666 aliens were admitted to the country for "temporary stay."

Again: 882,813 alien seamen examinations were held in our ports. An undetermined number deserted into the United States.

This is considered the easiest way for a male alien to enter the country illegally. Although the steamship companies are taxed for every desertion—for which reason they report fewer than

half of their desertions—records of the Commissioner of Immigration show 307,320 recorded desertions between 1907 and 1931. In his annual report for 1933 the Commissioner, Colonel MacCormack, said:

"In the past, oftentimes as many as half the crew of vessels of certain flags, passed as bona fide seamen, would desert in port. And when the vessel came to sail it would sign on none, or very few, to replace them, a plain indication that the crew was excessive on arrival, and a moral certainty that aliens had been signed on for a consideration, and with foreknowledge that illegal entry into the United States was planned.

"This is one of the many 'rackets' to circumvent the immigration laws, but it is not actionable unless convincing and corroborative evidence of conspiracy is obtained. This is almost impossible, as deserters speedily lose themselves in our population."

With such avenues open, little wonder that it is estimated that in New York City alone there are a quarter of a million aliens who entered this country without the right to do so.

There are organized gangs which specialize in expediting illegal entry. There is even evidence of a recognized technique for courtship by mail, after an exchange of photographs with an American girl, or courtship during a girl's visit abroad. After marriage and entry into the country—and frequently after relatives have contributed funds to set the alien up in business—the bridegroom disappears.

Information to this effect was presented to me by a radio speaker whose "question and answer" period brought him so many stories of this kind that a "league of deserted women" was formed to combat the evil. Several thousand of such victimized women are alleged to reside in the metropolitan area alone.

UNDERGROUND ROUTES EASILY AVAILABLE

For aliens whose appearance, due to race or color, makes illegal entry easier, there are many smugglers' methods.

In a single year, 1933, seizure of vehicles used in smuggling was to a total value of \$283,744. This included 13 airplanes valued at \$89,500. Obviously only a small fraction of the total vehicles used in this trade were captured.

At least five well-beaten paths are open to aliens wishing to be smuggled into the United States, providing they have money to pay the gangs.

Readers were shocked in November 1934 to learn about a score of smuggled Chinese found in a cellar at Atlantic Highlands, N. J., a State politician having aided in easing their entry.

It merely meant that accident had revealed one station on the underground route. The station was moved. Traffic was resumed—all inbound.

Now, each illegal alien means—

1. Another job has been taken from an American by a foreigner willing to work more cheaply; or—
2. Another mouth has been added to our breadline.

Yet some elements oppose rigorous immigration policies and enforcement. Among them are:

Some industrialists who want the cheapest labor available; steamship companies anxious to increase revenues; foreigners, alien or naturalized, who want relatives to come and enjoy American standards, legally or illegally; gangs who make a living in alien rackets; and radicals, who want aliens for revolutionary enlistment, and to extend our breadlines.

We must check the growing flood of aliens. We must cease importing unemployment.

PERMISSION TO ADDRESS THE HOUSE

Mr. TARVER. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Speaker, my long acquaintance with the gentleman from South Carolina [Mr. McSWAIN] and my high regard for him as a legislator would cause me to examine again and perhaps doubt my own position if I found there was any difference of opinion between us.

I wish to say in view of what he has said that nothing in my remarks was intended to criticize the personal motives of any Member of the other body. I believe the conditions which may have influenced the Member of the other body in the attitude he assumed are legitimate matters for discussion.

During the 10 years I have been a Member of this body I have not heretofore found it necessary to say anything on the floor that might possibly be offensive to any Member of this body or the other body.

I regret very much that in order to clearly present and try to protect the rights of the millions of tenants and sharecroppers of this country it was necessary that I should go into certain matters, which I did.

After a careful reexamination of the remarks I made I do not find anything that justifies regret. I believe they may have been to some extent influential, because I am advised that the conference committee on the farm bill has

retained the tenant and sharecropper amendment in its report.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the people all over the country have become more fearful every day that this country is becoming like Russia in refusing free speech and free thought. I have received a telegram from Mrs. Paul Fitzsimmons, of Rhode Island, which is as follows:

NEWPORT, R. I., February 25, 1936.

HON. EDITH NOURSE ROGERS,

House of Representatives Office Building:

Heartily concur in your published statement regarding the malevolent and vindictive action taken against Major General Hagood. It is common knowledge that this administration intends to strangle all criticism, however constructive or merited; but this evidence of malignant bad temper and attempted terrorism against a man of distinguished and outstanding record should rouse the Nation to a realization of the despotic gag rule now inflicted upon all patriotic citizens in and out of the military and naval services. I was war godmother to General Hagood's regiment and have known the general 20 years. He is an honor to the service and to his country, and I trust Congress will not allow its righteous indignation to be suppressed. Congress has the opportunity to prove it consists of men and patriots who are not puppets in the hands of demagogues nor such partisans that it permits citizens to be made footballs of for the indulgence of malicious exhibitions of childish bad temper. The citizens, regardless of party, will be behind all Congressmen who show determination to right this grievous wrong to an honored and distinguished officer and gentleman.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent at this point to insert in the RECORD a letter I have written to a colleague.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., February 25, 1936.

HON. WILLIAM LEMKE,

House of Representatives, Washington, D. C.

DEAR BILL: Now that the tumult and the radio shouting has died down, at least temporarily, "let's look at the record", as a famous American, also a victim of malicious and slanderous attacks from a certain radio source, would say.

On four Sundays in succession a portion of the American public has been misled as to what has occurred in reference to your so-called Frazier-Lemke bill, and especially in the House of Representatives.

The President has been charged with "blocking" the bill.

The Speaker has been listed as one of the arch conspirators against permitting the bill to come on the floor of the House.

It has been reiterated time and again that the bill never had a chance on the floor.

The Democratic Whip has been castigated for his activities "against" the bill.

The Rules Committee and its chairman have been threatened with the "last" for "smothering" the measure in committee.

In your speech in the House on Tuesday, February 18, 1936, you said (p. 2310):

"It has been conceded that if this bill were permitted to come up on the floor it would pass both House and Senate, and we are confident that it would be signed by the President."

Incidentally, why has not the bill (S. 212) been taken up on the floor of the Senate to date? It was reported out of the Senate Agriculture Committee on May 7, 1935. Who is "blocking" it over there? Is it the Speaker of the House or the majority Whip of the House or the House Rules Committee? What has Senator FRAZIER ever done to bring it up in the Senate?

Again, you said (p. 2311):

"Yet some invisible force has been able to prevent us from bringing it up on the floor for discussion and disposition on its merits."

You cannot mean me, because I am very "visible", and you say (p. 2311):

"I find no fault with the Chairman", meaning me.

Is there some "invisible force" at work in the Senate?

Now, dear Bill, let's be fair about it. You will, anyway, I know. In fairness to the Rules Committee, at least—never mind me. What is the truth about the matter?

Why it is all a matter of record in the House of Representatives which can be readily ascertained by anyone if he does not yet know. Of course, you know the record, because there is no more diligent or attentive Member of Congress.

All this will come as a surprise to many sincere supporters of the bill. The Frazier-Lemke bill did have its chance on the floor of the House of Representatives.

Read the CONGRESSIONAL RECORD of May 15, 1935.

The bill was "reported" out of the Agricultural Committee of the House on May 3, 1935, and referred to the Union Calendar.

On May 15, 1935, 12 days later, the Agricultural Committee had the call on Calendar Wednesday. The Committee could on that day, the whole of which it had at its disposal, have called up the Frazier-Lemke bill for consideration and passage. A majority of the members of that committee could have compelled it to be called up.

What happened? Instead of using the day which belonged to it and calling up the Frazier-Lemke bill, the Committee on Agriculture yielded and deliberately waived the day to the Committee on Foreign Affairs, and after passing one small bill by unanimous consent to which you, dear Bill, or any other Member of the House could have objected. (See CONGRESSIONAL RECORD, 74th Cong., 1st sess., pp. 7602 to 7605.)

Thereupon the Committee on Foreign Affairs took up bills pertaining to the United States Court for China, the International Congress of Military Medicine and Pharmacy, Diplomatic and Consular Establishments at Helsingfors, Finland, etc. Every member of the Agriculture Committee and every Member of the House knew that such an opportunity would not again be afforded for at least 2 years. This includes the 14 members of that committee who are reported to have signed the petition.

Where were you, dear Bill, and where was Mr. MORITZ, of Pennsylvania, and other ardent supporters of the Frazier-Lemke bill? Why did not they then and there insist on the calling up of their bill? The Record shows you and they were present in the House on that day. There were enough Members allegedly interested in the bill to prevent the adjournment of the House on that day until the Frazier-Lemke bill was called up and disposed of.

That is the true story which should have been told from the beginning.

Now, between you and me, dear Bill, is there really a majority of the Agriculture Committee in favor of this bill?

You well know, dear Bill, that the Rules Committee does not bring out rules for the consideration of bills which can be brought up on the floor on Calendar Wednesday or in any other way. If anyone, not a Member of Congress, does not know this, he could have easily found it out.

With warm personal regards, I am

Sincerely your friend,

JOHN J. O'CONNOR.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection?

Mr. WHITE. Mr. Speaker, I reserve the right to object. I am chairman of a committee that has several bills that we wish to take up. Last session we could not be heard. I object.

Mr. BANKHEAD. Then I give notice that when we meet tomorrow I shall move to dispense with business in order on Calendar Wednesday.

Mr. O'MALLEY. Mr. Speaker, we have been in session about 8 weeks, and have not had a Calendar Wednesday. A great many committees have reported out small bills. Is there any hope of getting a Calendar Wednesday in this session?

Mr. BANKHEAD. I think there is, but I regard it now as very important that we get through with the consideration of these appropriation bills.

Mr. O'MALLEY. How soon does the gentleman think that we can get a Calendar Wednesday?

Mr. BANKHEAD. I cannot give the gentleman any reply to that.

Mr. O'MALLEY. We have been 8 weeks here, and have drawn our breath and our salaries and have passed five bills.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. RICH. We have had five appropriation bills so far, and each one has been greater in amount appropriated than the similar one last year. We have increased our appropriations. What arrangement is the majority leader and this Congress going to take to raise the funds to meet these obligations?

Mr. BANKHEAD. Mr. Speaker, in reply to the inquiry of the gentleman from Pennsylvania I might say that if he will cooperate with us in trying to get placed back into the Federal Treasury the more than \$6,000,000,000 deficit left by Mr. Hoover at the end of his term, we will not have to dig up any money. [Applause.]

Mr. RICH. Mr. Hoover's deficits are not comparable with the deficits that this administration has put on the Treasury.

Mr. CANNON of Missouri. Mr. Speaker, I renew my request that business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Missouri that business in order on Calendar Wednesday, tomorrow, be dispensed with?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HARTLEY on account of illness.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3973. An act relating to taxation of shares of preferred stock, capital notes, and debentures of banks while owned by the Reconstruction Finance Corporation, and reaffirming their immunity; to the Committee on Banking and Currency.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 9130. An act to authorize the incorporated city of Skagway, Alaska, to undertake certain municipal public works, and for such purpose to issue bonds in any sum not exceeding \$12,000, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 9130. An act to authorize the incorporated city of Skagway, Alaska, to undertake certain municipal public works, and for such purpose to issue bonds in any sum not exceeding \$12,000, and for other purposes.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 47 minutes p. m.) the House adjourned until tomorrow, Wednesday, February 26, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

The Committee on the Public Lands will meet Wednesday, February 26, 1936, at 10:30 o'clock a. m., in room 328, House Office Building, to consider H. R. 10303, Natural Resources Board.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McSWAIN: Committee on Military Affairs. House Report 2063. A report relating to the War Department pursuant to House Resolution 59. Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 9213. A bill to provide a preliminary examination of the Hillsborough and Withlacoochee Rivers and their tributaries, in the State of Florida, with a view to the control of their flood waters; without amendment (Rept. No. 2069). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9235. A bill to provide for a preliminary examination and survey of the Cosatot River in Sevier County, Ark., to determine the feasibility of cleaning out the channel and leveeing the river and the cost of such improvements with a view to the controlling of floods; with amendment (Rept. No. 2070). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9236. A bill to authorize a preliminary examination and

survey of the Red and Little Rivers, Ark., insofar as Red River affects Little River County, Ark., and insofar as Little River affects Little River and Sevier Counties, Ark., to determine the feasibility of leveeing Little River and the cost of such improvement, and also the estimated cost of repairing and strengthening the levee on Red River in Little River County, with a view to the controlling of floods; with amendment (Rept. No. 2071). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9249. A bill to provide for a preliminary examination and survey of the Little Missouri River in Pike County, Ark., to determine the feasibility of cleaning out the channel and leveeing the river and the cost of such improvements with a view to the controlling of floods; with amendment (Rept. No. 2072). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9250. A bill to provide for a preliminary examination and survey of the Petit Jean River in Scott and Logan Counties, Ark., to determine the feasibility of cleaning out the channel and leveeing the river and the cost of such improvements with a view to the controlling of floods; without amendment (Rept. No. 2073). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 9267. A bill to provide for a preliminary examination and survey of Big Mulberry Creek, in Crawford, County, Ark., from the point where it empties into the Arkansas River up a distance of 8 miles, to determine the feasibility of cleaning out the channel and repairing the banks, and the cost of such improvement, with a view to the controlling of floods; without amendment (Rept. No. 2074). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIMMERMAN: Committee on Flood Control. H. R. 10487. A bill to authorize a survey of Lowell Creek, Alaska, to determine what, if any, modification should be made in the existing project for the control of its floods; without amendment (Rept. No. 2075). Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 10583. A bill to authorize a preliminary examination of the San Diego River and its tributaries in the State of California, with a view to the control of its floods; without amendment (Rept. No. 2076). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIMMERMAN: Committee on Flood Control. H. R. 11042. A bill authorizing a preliminary examination of the Matanuska River in the vicinity of Matanuska, Alaska; without amendment (Rept. No. 2077). Referred to the Committee of the Whole House on the state of the Union.

Mr. FERGUSON: Committee on Flood Control. H. R. 9874. A bill authorizing a preliminary examination of Cadron Creek, Ark., a tributary of the Arkansas River; without amendment (Rept. No. 2078). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MILLARD: Committee on Immigration and Naturalization. House Joint Resolution 388. Joint resolution to authorize the issuance to Tonio Mori Moto of a permit to reenter the United States; with amendment (Rept. No. 2062). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 11053. A bill authorizing the President to present the Distinguished Service Medal to Commander Percy Tod, British Navy, and the Navy Cross to Lt. Comdr. Charles A. deW. Kitcat, British Navy; without amendment (Rept. No. 2064). Referred to the Committee of the Whole House.

Mr. BLOOM: Committee on Foreign Affairs. H. R. 11425. A bill for the relief of Gustava Hanna; without amendment (Rept. No. 2065). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 1743. A bill for the relief of Joseph E. Myers; without amendment (Rept. No. 2066). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 1683. An act for the relief of Robert L. Monk; without amendment (Rept. No. 2067). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. S. 3872. An act for the relief of the present leader of the Army Band; without amendment (Rept. No. 2068). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON: A bill (H. R. 11452) to provide for the more adequate protection of the revenue, a more effective enforcement of the revenue and other laws administered by the Treasury Department, and for other purposes; to the Committee on Ways and Means.

By Mr. IGLESIAS: A bill (H. R. 11453) to amend the act of February 11, 1936, entitled "An act to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes"; to the Committee on Insular Affairs.

By Mr. WALTER: A bill (H. R. 11454) to incorporate the Veterans of Foreign Wars of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 11455) granting an increase of pension to Martha J. Constant; to the Committee on Invalid Pensions.

By Mr. BYRNS: A bill (H. R. 11456) granting a pension to Jennie Washington; to the Committee on Invalid Pensions.

By Mr. CHRISTIANSON: A bill (H. R. 11457) for the relief of Arne Pederson; to the Committee on Naval Affairs.

By Mr. CHURCH: A bill (H. R. 11458) for the relief of Joseph Connor McGurn; to the Committee on Claims.

By Mr. GRAY of Indiana: A bill (H. R. 11459) granting an increase of pension to Fannie M. McQuade; to the Committee on Invalid Pensions.

By Mr. LUNDEEN: A bill (H. R. 11460) granting a pension to Angie Inez Nelson; to the Committee on Pensions.

By Mr. McCLELLAN: A bill (H. R. 11461) for the relief of the estates of N. G. Harper and Amos Phillips; to the Committee on Claims.

Also, a bill (H. R. 11462) for the relief of R. N. Teague and Minnie Teague; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 11463) for the relief of V. Jackson Hodges; to the Committee on Claims.

By Mr. RABAUT: A bill (H. R. 11464) for the relief of William Bockheim; to the Committee on Claims.

Also, a bill (H. R. 11465) for the relief of Earl Dow Greer; to the Committee on Naval Affairs.

Also, a bill (H. R. 11466) granting an increase of pension to Ebbin A. Irvin; to the Committee on Pensions.

By Mr. REED of New York: A bill (H. R. 11467) granting a pension to Martha Koerner; to the Committee on Invalid Pensions.

By Mr. SCHNEIDER of Wisconsin: A bill (H. R. 11468) for the relief of Charles R. Hooper; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 11469) for the relief of James W. Webster; to the Committee on Military Affairs.

Also, a bill (H. R. 11470) for the relief of John Albert Farne; to the Committee on Naval Affairs.

By Mr. THOMAS: A bill (H. R. 11471) granting a pension to Viola M. Dobbin; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 11472) for the relief of John P. Masters; to the Committee on Naval Affairs.

Also, a bill (H. R. 11473) granting an increase of pension to Mary L. Yoakem; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10263. By Mr. BLOOM: Petition of residents of Loiza, P. R., urging the extension of the Social Security Act to Puerto Rico; to the Committee on Ways and Means.

10264. By Mr. KNIFFIN: Petition of H. B. Monroe, representing Sunday school of the Church of Christ, Hicksville, Ohio, urging the enactment of the Guyer bill; to the Committee on the District of Columbia.

10265. By Mr. LAMNECK: Petition of Johnnie J. Martin, financial secretary, National Federation of Federal Employees, Local No. 553, Columbus, Ohio, and others, favoring the passage of the annual leave and sick leave bills which passed the Senate; to the Committee on the Civil Service.

10266. By Mr. LUNDEEN: Petition of the Washington County Farm Bureau, Stillwater, Minn., urging enactment of new agricultural bill in line with recommendations by American Farm Bureau Federation; to the Committee on Agriculture.

10267. Also, petition of the Central Western Wholesalers' Association, Minneapolis, Minn., urging the extension of title I of the Federal Housing Act for at least 2 years; to the Committee on Appropriations.

10268. Also, petition of a State-wide meeting of Minnesota farmers held on January 11, 1936, urging enactment of legislation for recovery of impounded processing taxes and that Congress provide for commodity loans similar to the present corn-loan program; to the Committee on Agriculture.

10269. Also, petition of the Minnesota League of Women Voters, Minneapolis, Minn., urging support of the neutrality measure, House Joint Resolution 422, asking that a clause be inserted to make the measure temporary, and urging that Congress reserve the right to lift the embargo against one or more belligerents; to the Committee on Foreign Affairs.

10270. By Mr. MEAD: Petition of the Veterans of Foreign Wars of the United States, Cold Spring Post, No. 3254, Buffalo, N. Y., requesting that when payment of the adjusted-service certificates is paid veterans will not be obliged to surrender their positions if employed on public-works projects; to the Committee on Appropriations.

10271. By Mr. O'CONNELL: Joint resolution, requesting the Senators and Representatives in Congress from Rhode Island to oppose the enactment of any legislation by Congress whose purport shall be to prevent veterans of the World War from remaining on any relief rolls of the Federal Government or the respective State, if and when they shall receive a bonus under House bill 9870; to the Committee on Appropriations.

10272. By Mr. PETERSON of Georgia: Petition of James E. Lanier, H. T. Reddick, R. E. Howard, G. T. Sharpe, and of numerous other citizens of the First Congressional District of Georgia, requesting support of legislation proposed by the National Star Route Carriers Association; to the Committee on the Post Office and Post Roads.

10273. Also, petition of R. B. Mallory, Jr., Mrs. A. C. Smith, Mrs. Miller A. Ellzey, and of numerous other citizens of the First Congressional District of Georgia, requesting support of legislation proposed by the National Star Route Carriers Association; to the Committee on the Post Office and Post Roads.

10274. By Mr. REED of Illinois: Petition signed by E. E. Brubaker, of Virden, Ill., and 60 others, requesting passage of House bill 8739; to the Committee on the District of Columbia.

10275. By Mr. THOMAS: Petition of 128 citizens, urging enactment of legislation at this session to extend all exist-

ing star-route contracts, and to increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10276. By Mr. WALTER: Petition of the Fraternal Patriotic Americans; to the Committee on Immigration and Naturalization.

10277. By the SPEAKER: Petition of the American League Against War and Fascism, Boston, Mass.; to the Committee on the Judiciary.

10278. Also, petition of the State bar of South Dakota; to the Committee on the Library.

10279. Also, petition of the Bar Association of St. Louis, Mo.; to the Committee on the Library.

10280. Also, petition of the Year Book Publishers, Inc., Chicago, Ill.; to the Committee on Military Affairs.

10281. Also, petition of the Olympia Townsend Club, No. 2, Olympia, Wash.; to the Committee on Ways and Means.

10282. Also, petition of the Okmulgee Detective Agency, Okmulgee, Okla.; to the Committee on the Judiciary.

10283. By Mr. PATMAN: Resolution of the Minnesota Retail Hardware Association, Minneapolis, Minn., favoring the principles and policies outlined in the Patman bill and other legislation now in Congress designed to strengthen and amend the Clayton Act; to the Committee on the Judiciary.

10284. Also, resolution of the Northwestern Shoe Retailers Regional Association, Minneapolis, Minn., endorsing all provisions of the Patman-Robinson bill, known as House bill 8442 and Senate bill 3154, which provides for the correction of certain evils in the field of merchandise distribution; to the Committee on the Judiciary.

10285. By Mr. HENNINGS: Resolution of the Missouri State Highway Commission, urging Congress to appropriate and make available 1937 Federal-aid money now authorized for the construction of highways and to maintain the program for the fiscal years of 1938 and 1939; to the Committee on Roads.

10286. By Mr. SCOTT: Petition of the City Council of the City of South Gate, petitioning Congress to support legislation at this session which will have for its purpose the extension of provisions, which will expire May 1936, in the Federal bankruptcy laws for the liquidation of the indebtedness of overburdened, delinquent, and insolvent special assessment districts; to the Committee on the Judiciary.

10287. Also, petition of the Fontana Utopian Group, No. 72 A-12, opposing the exporting of any war materials or any such commodities which can be used to sustain a military organization of any foreign power which is waging a military campaign against another country or countries, and demanding the enforcement of the present embargo act recently proclaimed by the President of the United States; to the Committee on Military Affairs.

10288. By Mr. MAHON: Petition of citizens and patrons of star route no. 50307, from Stanton to Lenorah, Tarzan, and surrounding and contributing territory of Texas, urging your honorable body to enact legislation at this session that will indefinitely extend all existing star-route contracts and increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10289. Also, petition of citizens and patrons of star route no. 5020, from Muleshoe to Olton, Tex., urging your honorable body to enact legislation at this session that will indefinitely extend all existing star-route contracts and increase the compensation thereon to an equal basis with that paid for other forms of mail transportation; to the Committee on the Post Office and Post Roads.

10290. By Mr. WHITE: Memorial of the Nampa Trades and Labor Council, Nampa, Idaho, recommending to the consideration of the Congress the plan embodied in the McGroarty bill, and urging that this bill be brought to the floor at an early date for careful study and passage; to the Committee on Ways and Means.